TS-147 MARCH 1974

TOBACCO Situation

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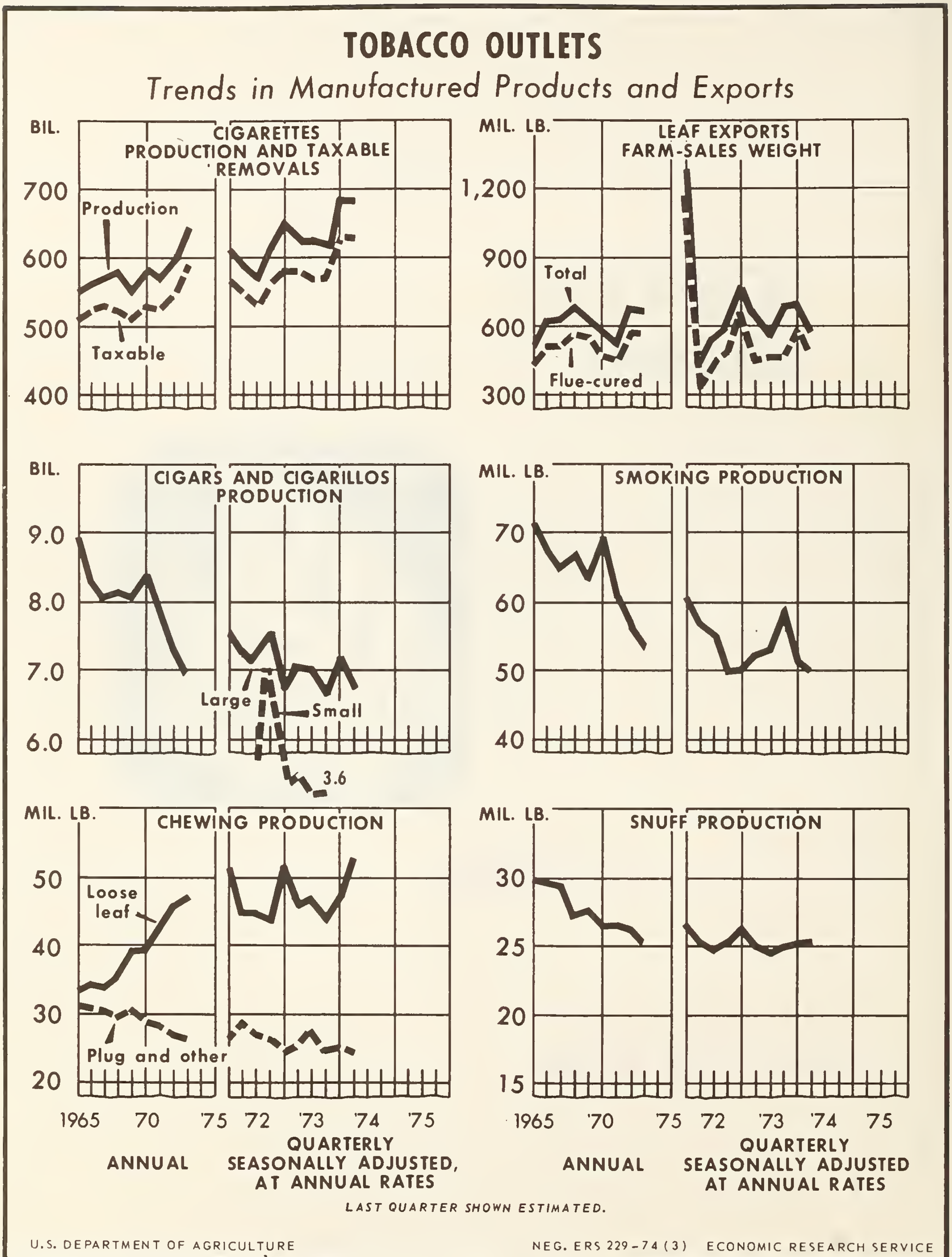
TOBACCO OUTLETS
Trends in Manufactured Products and Exports
BIL.
CIGARETTES PRODUCTION AND TAXABLE REMOVALS
700
600
500
400
Production
Taxable
MIL. LB.
LEAF EXPORTS FARM-SALES WEIGHT
1,200
900
600
300
Total
Flue-cured
BIL.
CIGARS AND CIGARILLOS PRODUCTION
9.0
8.0
7.0
6.0
Large
Small
3.6
MIL. LB.
SMOKING PRODUCTION
70
60
50
40
MIL. LB.
CHEWING PRODUCTION
50
40
30
20
Loose leaf
Plug and other
MIL. LB.
SNUFF PRODUCTION
30
25
20
15
1965 70 75 72 '73 '74 75
ANNUAL
QUARTERLY SEASONALLY ADJUSTED, AT ANNUAL RATES
1965 '70 75 72 '73 '74 75
ANNUAL
QUARTERLY SEASONALLY ADJUSTED AT ANNUAL RATES
LAST QUARTER SHOWN ESTIMATED.
U.S. DEPARTMENT OF AGRICULTURE
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THE TOBACCO SITUATION

CONTENTS

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The *Tobacco Situation* is published in March, June, September, and December.

SUMMARY

Total domestic use and exports of tobacco during 1973/74 should exceed the 1973 crop output and leave carryover stocks 3 percent below last season. Plans are for a larger 1974 output about. equaling next season's anticipated use.

U.S. tobacco growers plan to boost plantings about a tenth from the 890,000 acres harvested last year. An increase of 50,500 acres is in prospect for flue-cured. Farm quotas are up 12 percent, primarily due to the increased basic quotas. Burley acreage may gain 37,700 acres due to a jump in the basic quota and the large carryover of last year's below quota production.

With average growing conditions, the prospective tobacco acreage indicates a crop of 2.0 billion pounds, 14 percent more than last year. But tight supplies and sharply higher prices of fertilizer and fuel may limit the increase. With a smaller expected carryover, the supply could stay about the same as in 1973/74.

Based on the legal formula, the price support levels for eligible tobacco are 8.7 percent higher for 1974 than last year. As in previous seasons, growers must certify that they did not use DDT or TDE pesticides to be eligible for price support. USDA is considering a provision that flue-cured growers be required to designate the warehouses where they wish to obtain price support.

Last year's output of cigarettes increased 7.5 percent to 644 billion. Filter-tip cigarette output continued to gain and its share rose to about 85 percent of the total.

In 1973, U.S. smokers puffed a record 591 billion cigarettes—4.6 percent more than the previous year. Consumption per adult rose 3 percent to 4,155 cigarettes (208 packs). Per capita use may increase again. So with increasing population this year's total cigarette use should increase.

Sales of large cigars, smoking tobacco, and snuff will do well to maintain last year's low levels. Chewing tobacco sales are gaining. Small cigars (cigarette size) may decrease from the high level of last year.

In the second half of 1973, domestic use of U.S.-grown tobacco rose one-sixth from a year earlier, while cigarette production rose 9 percent. Total domestic use for the 1973/74 marketing year is now

placed at 1.35 billion pounds, slightly above last year.

For the current fiscal year, unmanufactured tobacco exports may stay near last year's total. They totaled 443 million pounds, farm-sales weight, for July-January, 15 percent above a year earlier. Exports are expected to fall during the rest of the season. Some countries finished taking 1973 crop purchases earlier than usual. Most major destinations, including the United Kingdom, Japan, West Germany, took more U.S. tobacco than in July 1972-January 1973.

U.S. exports of tobacco and products gained 10 percent in value to a record $970 million in calendar 1973. Both volume and prices rose. Unmanufactured tobacco exports were worth $681 million and tobacco product exports reached $289 million. Export weight of unmanufactured tobacco totaled 613 million pounds (equivalent to 674 million pounds, farm-sales weight).

Flue-cured tobacco disappearance in the current marketing year may increase from the previous year's 1,183 million pounds. Domestic use is expected to be up some and exports will probably hold near last year's level. So while the 1973 crop was larger, carryover in mid-1974 may still drop to around 1.7 billion pounds, slightly below a year earlier.

Flue-cured growers intend to set about 9 percent more acres than last year. With second-half 1973 exports materially higher than indicated last July, USDA in mid-January raised the basic quota 10 percent. Allowing for net underquota marketings last season the effective quota is up about 12 percent. Projecting average yields, production could turn out 8 percent larger than last year's 1.16 billion pounds. Despite smaller beginning stocks, next season's supply may rise slightly from this season's.

With larger domestic use, total disappearance of burley tobacco in 1973/74 may gain from last year's 610 million pounds. Reflecting unfavorable weather conditions, last year's production fell one-fifth from 1972's output. So burley carryover for next October 1 probably will fall an eighth below the year-earlier level.

USDA set the 1974 burley basic marketing quota at 608 million pounds, 8 percent above last year. But the 1974 farm quota, reflecting 1973's larger undermarketings than in 1972, totals about 705 million pounds, 132 million above last season's quota. So burley production may rise substantially.

Increases in acreage are indicated for fire-cured and dark air-cured tobaccos. Maryland and cigar tobacco acreages may fall.

TOBACCO PRODUCTS

Cigarette Consumption Another Record High

U.S. cigarette output, domestic consumption, and exports all rose to new highs in 1973. Use may again increase slightly this year, with a further rise in the smoking age population and possibly a rise in per capita use.

Output last year rose 7.5 percent to 644 billion cigarettes (table 1). Most of the gain occurred in the second half, as manufacturers built inventories as a strike-hedge for early 1974. U.S. smokers (including those overseas) used 4.6 percent more cigarettes than in 1972, a new record. Consumption per person, 18 and over, at 4,155 (208 packs of 20) increased 3 percent over 1972. That was still 3½ percent below the 1963 peak but the largest rise since 1959. The anti-smoking campaign remains at a moderate pace (table 4).

U.S. exports of cigarettes in 1973 rose 20 percent to a new record. The declared value rose to $250 million, up one-third, reflecting an increase in both unit value and quantity. However, U.S. currency has appreciated in value since last fall. Thus, despite rising cigarette consumption overseas, U.S. exports will do well to equal the record set last year.

Early this year, the Federal Trade Commission submitted an annual report and recommendations to Congress as required by the Public Health Smoking Act of 1969. The FTC reviewed the effectiveness of cigarette labeling and current advertising and promotion practices. As of mid-March the 1974 report on the health aspects of smoking had not been issued by the Department of Health, Education, and Welfare.

Filter Trend Continues

The annual ERS survey of cigarette manufacturers indicated that the share for filter-tip cigarettes rose further in 1973 to 85 percent of total cigarette production—up from 83 percent in 1972. The gain was largely in the 100 millimeter size that made up 22 percent of 1973 total output (table 3).

Except for the 100 millimeter size, filter-tip cigarettes have a shorter tobacco column than nonfilter cigarettes. Over the past several years the filter plugs have been lengthened. Also, some brands have smaller diameters than formerly. These factors substantially reduce tobacco requirements per cigarette. Last year, U.S. cigarette manufacturers used an estimated 1.23 billion pounds of tobacco (unstemmed processing weight), up about 4½ percent above the previous year.

Manufacturers Raise Prices

In January, 2 of the 6 leading cigarette companies raised list prices on nearly all of their brands by 15

Table 1.--Cigarettes: Output, removals, and consumption, 1962-73

Year	Output	Removals: Taxable	Removals: Tax-exempt: Total	Removals: Tax-exempt: Exports	Removals: Tax-exempt: Puerto Rico and U.S. possessions	Removals: Tax-exempt: Overseas forces 1/	Total U.S. consumption 2/
	Billions						
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2
1968	579.5	523.0	53.8	26.5	4.7	22.7	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.2	532.8	51.2	29.2	3.7	18.4	3/536.4
1971	576.4	528.9	49.2	31.8	2.7	14.7	3/550.0
1972	599.1	551.0	47.2	34.6	2.1	10.5	3/565.0
1973 4/	644.2	588.0	58.2	41.5	2.0	14.7	3/591.0

1/ Also includes ship stores and small tax-exempt categories. 2/ Taxable removals plus overseas forces. 3/ Includes estimated inventory changes. 4/ Subject to revision.
Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 2.--Cigars and smoking tobacco: Output, removals, and consumption, 1964-73

Year and item	United States factories: Output	United States factories: Removals: Taxable	United States factories: Removals: Tax-exempt	From Puerto Rico taxable	Imports	Exports	Total U.S. consumption 1/
	Millions						
Large cigars 2/							
1964	8,736	8,122	193	809	28	44	9,108
1965	7,899	7,578	180	913	25	55	8,641
1966	7,165	7,076	193	1,075	25	73	8,296
1967	6,858	6,846	197	1,099	30	76	8,096
1968	7,184	6,759	169	1,036	48	66	7,946
1969	6,931	6,739	169	1,080	45	65	7,968
1970	7,094	6,706	152	1,259	46	54	8,108
1971	6,707	6,506	131	1,222	48	46	7,861
1972	6,025	5,896	139	1,272	62	76	7,293
1973 3/	5,655	5,553	143	1,304	75	108	6,967
	Million pounds						
Smoking tobacco							
1964	82.4	79.0	3.4	---	2.7	1.4	83.7
1965	71.8	67.3	3.0	---	2.1	1.0	71.4
1966	67.3	65.3	1.5	---	3.3	.9	69.2
1967	64.8	62.7	2.0	---	3.7	1.3	67.1
1968	66.3	64.1	1.9	---	5.5	1.8	69.7
1969	63.9	62.6	1.6	---	5.7	1.1	68.8
1970	69.4	65.6	1.5	---	8.4	.9	74.6
1971	60.5	61.3	1.4	---	8.4	1.2	69.9
1972	55.9	55.1	1.3	---	11.9	1.1	67.2
1973 3/	53.0	51.7	1.5	---	8.2	1.3	60.1

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 2/ Includes cigarillos. 3/ Subject to revision.
Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Services, USDA.

Table 3.—Cigarette output of filter-tip and nonfilter-tip by length, 1970-72

Item	1970 Output	1970 Percent of total	1971 Output	1971 Percent of total	1972 Output	1972 Percent of total
	Billions	*Percent*	*Billions*	*Percent*	*Billions*	*Percent*
Filter-tip						
Regular 70 mm.	0.8	0.1	0.7	0.1	0.6	.1
Long 80 mm.	47.9	8.2	50.3	8.7	52.0	8.7
King 85 mm.	313.9	53.8	311.1	54.0	323.0	53.9
Extra long 100 mm.	104.8	18.0	113.1	19.6	126.0	21.0
Total	467.4	80.1	475.2	82.4	501.6	83.7
Nonfilter-tip						
Regular 70 mm.	53.9	9.2	47.1	8.2	44.8	7.5
King 85 mm.	61.9	10.6	54.1	9.4	52.6	8.8
Total	115.8	19.9	101.2	17.6	97.4	16.3
Grand total	583.2	100.0	576.4	100.0	599.0	100.0

[1] Cigarettes having other lengths were included in the most nearly comparable group.

Table 4.—Consumption per capita of tobacco products in the United States (including overseas forces), 1964-1973

Year	Per capita 18 years and over: Cigarettes[1]		Snuff	All tobacco products[1]	Per male 18 years and over: Large cigars and cigarillos		Smoking tobacco[2]	Chewing tobacco[2]
	Number	*Pounds*	*Pounds*	*Pounds*	*Number*	*Pounds*	*Pounds*	*Pounds*
1964	4,194	9.21	.26	11.54	154.3	2.69	1.42	1.11
1965	4,258	9.37	.24	11.51	143.8	2.57	1.19	1.07
1966	4,287	9.08	.23	11.12	136.1	2.41	1.13	1.05
1967	4,280	8.86	.23	10.80	130.7	2.28	1.08	1.04
1968	4,186	8.69	.21	10.59	126.5	2.15	1.11	1.05
1969	3,993	8.11	.20	10.04	125.0	2.11	1.08	1.09
1970	3,985	7.77	.19	9.68	125.3	2.08	1.15	1.06
1971	4,037	7.75	.19	9.52	119.2	1.94	1.06	1.09
1972	4,043	7.93	.18	9.63	108.9	1.74	1.00	1.08
1973[3]	4,155	7.94	.18	9.53	102.4	1.61	.89	1.10

[1] Unstemmed processing weight. [2] Finished product weight. [3] Subject to revision.

cents per 1,000 cigarettes (1½ percent). Increases were within the Phase IV guidelines, and they brought selling prices among manufacturers to a uniform level. Retail cigarette prices rose by 1 cent per pack, according to industry sources.

Retail cigarette prices rose in 1973, because of higher cigarette taxes in a few States and higher wholesale-retail margins. By January, the BLS retail price indexes for cigarettes were 3 percent above a year earlier. The Economic Stabilization Act, the enabling authority for wage-price controls, is scheduled to expire April 30. The Administration has recommended to Congress that all control authority expire except for health care and petroleum products. Modest rises in cigarette prices are expected over the next several months as manufacturers pass cost increases on to consumers.

The average State cigarette tax rate (weighted by number of packs taxed) was 12.2 cents per pack in January 1974, about the same as a year earlier.

U.S. cigarette exports to leading destination, 1971-73

Country	1971	1972	1973[1]
	Millions	*Millions*	*Millions*
Hong Kong	3,824	4,320	4,845
Belgium-Luxembourg	2,729	2,984	3,808
Spain	2,391	2,776	3,313
Netherlands Antilles	1,530	1,924	1,935
Lebanon	1,510	1,901	2,273
Saudi Arabia	1,189	1,744	1,945
Panama	1,602	1,637	1,602
Ecuador	1,048	1,406	1,644
Kuwait	887	1,397	1,848
Switzerland	1,209	1,118	668
Japan	873	1,051	1,815
Other countries	13,020	12,344	15,847
Total	31,812	34,602	41,543

[1] Subject to revision.

Compiled from publications and records of the Bureau of the Census.

Excise tax increases are proposed this year in a few States as well as some reductions. The Federal excise tax is 8 cents a pack. In addition, many local governments tax cigarettes (table 5).

Large Cigar Consumption Fell Further in 1973

Consumption of *large cigars* (including cigarillos) stabilized in the fourth quarter of 1973. But for all of last year, U.S. smokers (including those overseas) consumed about 7 billion cigars—4.5 percent less than in 1972. Since 1964, the trend has been downward (table 2). The BLS index of retail cigar prices rose 2 percent last year. The down trend in cigar consumption suggests use this year will do well to hold its own.

Last year's decline was concentrated in lower priced cigars and cigarillos (retailing up to 8 cents each). Smoking of medium priced cigars increased slightly and higher priced cigars continued the upward trend of recent years.

Large cigars: Taxable removals by revenue class, 1972-73

Revenue class and retail price	1972	1973	Change from 1972
	Billions	*Billions*	*Billions*
A-D (up to 8 cents)	4.50	4.07	-9.5
E (over 8 to 15 cents) ...	2.15	2.21	+2.6
F-G (over 15 cents)	.54	.61	+13.0
Total removals	7.19	6.89	-4.2

Production of *small cigars* (cigarette-size, not over 3 pounds per 1,000) reached 4.4 billion in 1973. The total was another record high and 9 percent above 1972. But monthly output has been falling ever since the heavy volume of fourth quarter 1972. By the fourth quarter last year, output had slipped to a 3.4 billion annual rate. Without the benefit of broadcast advertising, sales this year may also fall.

Smoking Tobacco Output and Use Fell

With a lower rate in the fourth quarter, smoking tobacco production last year totaled 53 million pounds, 5 percent below 1972. Sales of both pipe and roll-your-own tobacco declined (tables 2 and 6). Last year's estimated U.S. consumption of smoking tobacco—domestic sales plus imports—amounted to 58 million pounds, 14 percent below 1972. Domestic factories sold 10 percent less.

Based on factory shipments of cigarette papers (and allowing for probable wastage) the number of roll-your-own cigarettes smoked in 1973 increased 3 billion from 1972. Roll-your-own took an estimated 29 million pounds of smoking tobacco in 1973, about one-half of U.S. smoking tobacco consumption. Besides cigarette cut and granulated or sack tobacco, a portion of manufacturer's pipe tobacco sales was used in roll-your-own (table 7).

Manufactured tobacco imports (mostly smoking tobacco) decreased to 8 million pounds in 1973. Value was $12 million, Sweden and the Netherlands are the principal import sources.

Chewing Tobacco Output Gains

Increased production of chewing tobacco in the final quarter brought last year's output to 74 million pounds, 2 percent above 1972. Of the 2 principal categories, loose leaf output increased while plug chewing declined.

Manufacturers sell virtually all their chewing tobacco domestically. Sales last year increased 3 percent with the gain primarily in loose leaf. Wholesale prices for plug increased 2 percent.

Snuff sales steadied in the second half but production for all of last year edged below the 1972 level.

Bulk Smoking Tobacco Exports Decline Again

Following 1971's record volume, exports of

Table 5.—Tobacco demand factors, 1964-73

Year	Population July 1[1]	Disposable personal income, per capita[2]		Consumer price indexes				
		Current prices	1958 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip, regular	Filtertip, king size	
	Million	*Dollars*	*Dollars*	*1967=100*	*1967=100*	*1967=100*	*1967=100*	*1967=100*
1964	121.9	2,283	2,126	92.9	87.7	86.6	87.3	97.2
1965	124.2	2,436	2,239	94.5	91.8	91.1	91.7	97.2
1966	126.3	2,604	2,335	97.2	96.3	96.0	96.3	98.6
1967	128.3	2,749	2,403	100.0	100.0	100.0	100.0	100.0
1968	130.4	2,945	2,486	104.2	106.3	106.9	106.4	101.3
1969	132.5	3,130	2,534	109.8	111.9	112.7	112.3	104.3
1970	135.1	3,376	2,610	116.3	122.2	122.4	122.5	105.4
1971	137.5	3,603	2,680	121.3	126.4	127.9	128.1	107.1
1972	139.8	3,816	2,767	125.3	133.4	134.8	135.4	110.8
1973	142.2	4,195	2,890	133.1	137.0	138.7	139.1	112.9

[1] 18 years and older including armed forces overseas. [2] Based on total population.

Tobacco products: Output, 1971-73

Item	1971	1972	1973[1]
	Million pounds	*Million pounds*	*Million pounds*
Chewing tobacco			
Plug	20.6	19.6	18.6
Twist	2.4	2.2	2.1
Fine-cut	5.1	5.2	5.7
Loose leaf	43.2	45.6	47.6
Total	71.4	72.6	74.0
Snuff	26.4	25.5	25.3
Smoking tobacco in bulk (exports)	30.9	29.4	25.8
Small cigars	1,135	4,022	4,415

[1] Subject to revision.

Basic data compiled from reports of the Internal Revenue Service and Agricultural Marketing Service, USDA.

U.S. bulk smoking tobacco exports to leading destinations, 1971-73

Country	1971	1972	1973[1]
	Million pounds	*Million pounds*	*Million pounds*
Italy	2.1	0.8	1.0
Dominican Republic	2.5	2.4	1.3
Switzerland	6.2	5.9	2.1
Netherlands	7.2	9.3	9.7
Spain	2.1	2.2	1.8
Peru	1.4	.7	.9
Ecuador	1.1	1.1	.8
Finland	.7	1.4	2.1
Australia	2.3	1.1	1.0
Other countries	5.1	4.5	5.1
Total	30.9	29.4	25.8

[1] Subject to revision.

Compiled from publications and records of the Bureau of the Census.

smoking tobacco in bulk declined for 2 years. The drop was 12 percent last year. The average value rose, so total value stabilized at $32.9 million. This export category includes specially prepared cigarette leaf and cut or shredded tobacco from U.S. and foreign sources. It also includes processed sheet, blended strips, or stemmed tobacco consisting of more than one kind—principally blended flue-cured and burley.

U.S. manufacturers ship this tobacco abroad to affiliates, licensees, and marketing companies. As international cigarette sales have risen, many firms have added leaf processing and blending capacity overseas, thus the exports of bulk smoking tobacco have declined.

Table 6.—Smoking tobacco: Production and manufacturers' sales by category

Category	Manufactured		Invoiced					
	1972	1973	To domestic customers		For export[1]		Total	
			1972	1973	1972	1973	1972	1973
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Pipe	46.6	44.4	45.5	43.4	1.3	1.5	46.8	44.9
Granulated or sack	.7	.6	.7	.6	.1	(2)	1.7	.6
Cigarette cut	8.6	8.0	8.8	7.7	(2)	(2)	8.8	7.7
Total	55.8	53.0	55.1	51.7	1.3	1.5	56.4	53.2

[1] Sales for overseas shipment (to foreign markets and overseas forces). [2] Negligible.

Table 7.—Estimated number of roll-your-own cigarettes smoked and smoking tobacco consumed, 1968-73

Year	Roll-your-own cigarettes[1]	Smoking tobacco consumption				
		Total[2]	Used for—			
			Roll-your-own cigarettes		Pipe tobacco	
			Quantity	Percent of total	Quantity	Percent of total
	Billion pounds	*Million pounds*	*Million*	*Percent pounds*	*Million*	*Percent*
1968	9.2	70	17	34	53	76
1969	10.4	69	19	27	50	73
1970	15.7	75	28	38	46	62
1971	15.7	70	28	40	42	60
1972	13.6	67	25	37	42	63
1973[3]	16.8	60	29	48	31	52

[1] Derived from shipments of cigarette papers. [2] Includes imported smoking tobacco. [3] Estimated.

The United States is the leading tobacco exporter and the third largest tobacco importer. In recent years our exports have represented about one-third of the U.S. tobacco crop and about 25 percent of world tobacco exports. U.S. exports of tobacco and products were valued at a record $970 million in calendar year 1973, $91 million over 1972. This includes unmanufactured tobacco worth $681 million and tobacco products of $289 million. Thus, the value of U.S. tobacco exports over general imports was unusually high at $760 million, relieving some of the pressure on the overall U.S. balance of payments problem.

Leaf Tobacco Exports Remain Large

U.S. exports of unmanufactured tobacco in 1973 gained 1 percent to 613 million pounds (export weight). Except for 1972, the 674 million pounds farm-sales weight was the most since 1946. Compared with 1972, last year's exports followed a more normal shipment pattern.

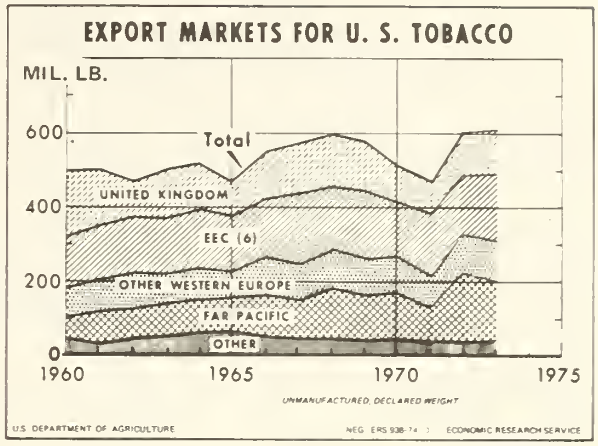
Exports of burley leaf and stems were record large and offset declines for flue-cured and other types. Exports of Maryland, fire-cured, dark air-cured, Black Fat, and cigar tobaccos also declined (table 8).

Last year 119 million pounds of tobacco were bartered for materials and services used by U.S. agencies overseas (table 9). About three-fourths of barter exports went to Western Europe, one-fifth to the Far East and Pacific countries, and the remainder to other areas. Commodity Credit Corporation (CCC) provided credit on 11 million pounds of commercial exports. Financing up to 36 months is authorized but since March 1973 USDA has suspended short term financing (up to 12 months).

Barter exports, leading destinations, 1973

Country	Amount	Country	Amount
	Mil. lb.		*Mil. lb.*
W. Germany		Thailand	3.9
Japan		Malaysia	3.9
United Kingdom		Norway	4.7
Denmark		Finland	4.0
Taiwan		Spain	4.4

For the year ending June 30, 1974, U.S. exports of unmanufactured tobacco may hold near the 570 million pounds shipped in 1972/73, but the value is expected to rise. July 1973-January 1974 exports of 398 million pounds (export weight) were up 54 million. Exports for the rest of the fiscal year are expected to fall from the high rate of last year. Some appreciation of U.S. currency, since last fall, and the suspension of most U.S. export assistance programs boosts the costs of our exports to most purchasers.



Other Export Highlights

The United Kingdom remained the largest taker of U.S. leaf, with exports to that market up 4 percent from 1972. But the total remained below the highs of 1966-69. Last year, U.K. manufacturers' use of U.S. leaf about equaled purchases, so their stocks of U.S. leaf stabilized. But U.S. leaf stocks in the United Kingdom remain substantially below prior years. With the Economic Community (EC) enlargement effective in 1973, manufacturers had preferential access to large supplies from the EC overseas territories. Lower cost supplies continue from Commonwealth countries.

Among the original 6 EC countries, Italy and France took less U.S. tobacco last year. The Common Agricultural Policy (CAP) provides incentives for manufacturers to use locally produced tobacco. With West Germany's cigarette production about unchanged, exports of U.S. leaf stabilized again last year. EC tobacco policy discourages use of higher value U.S. leaf. Substantial gains in shipments to the Netherlands and Denmark represented earlier than usual shipments of last year's purchases. Japan—third ranking market—took 9 percent less. Shipments were bunched in early 1972 after the end of the U.S. dock strike in 1971. Annual purchases by Japan have shown a rising trend. Takings by Switzerland last year rose as tobacco processing capacity increased and less blended tobacco went to that destination. Other major markets such as Ireland, Australia, Sweden, Thailand, and South Vietnam decreased takings from the United States.

Flue-cured exports made up seven-tenths of the total. These exports decreased 2 percent despite an increase to the EC-9 group. Other major destinations took less, including Japan, Australia, Thailand, and South Vietnam.

Record burley exports meant larger quantities went to most countries. The 24 percent gain by the

Table 8.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)

Country and type	Average 1965-69	1970	1971	1972 1/	1973 1/	1973 as a percentage of 1972
	Million pounds					Percent
Flue-cured	414.9	368.2	341.8	425.3	418.3	98
Burley	46.2	41.4	36.5	53.7	59.3	110
Maryland	12.0	11.8	9.0	11.0	9.6	87
Fire- and sun-cured	25.7	24.2	22.5	25.6	21.4	84
Green River	.6	.3	.4	.3	.1	33
One Sucker	.8	.5	.6	.3	.3	100
Black Fat, etc.	3.0	2.7	2.5	3.3	3.1	94
Cigar wrapper	3.8	1.6	2.5	3.1	2.1	68
Cigar binder	1.8	.3	.1	.1	.1	100
Cigar filler	.9	.4	.3	.3	.3	100
Perique	.3	.2	.1	.3	.2	67
Stems, trimmings, and scrap	43.4	58.8	57.0	82.9	98.1	118
Total	553.4	510.4	473.3	606.1	613.0	101
Country of destination						
United Kingdom	128.2	95.5	89.8	115.1	119.7	104
France	7.2	9.0	10.1	7.7	6.6	86
Belgium	18.3	12.4	15.6	12.9	16.7	129
Netherlands	36.8	26.6	28.1	22.4	31.6	141
West Germany	96.9	92.6	100.0	99.3	99.9	101
Denmark	17.5	18.1	16.7	20.8	37.0	178
Ireland	12.8	10.2	9.0	14.3	8.9	62
Switzerland	20.4	24.7	18.2	23.5	31.4	134
Finland	5.6	5.0	4.8	5.3	6.1	115
Norway	8.1	8.1	4.3	7.0	5.7	81
Sweden	15.8	19.5	14.7	20.5	17.1	83
Italy	8.7	3.1	16.4	23.1	21.8	94
Spain	4.4	3.0	5.2	4.6	4.3	93
Thailand	21.2	20.1	18.9	30.5	8.6	28
S. Vietnam	10.8	10.8	17.2	18.9	14.6	77
Malaysia	9.1	11.8	11.0	8.4	10.5	125
Philippine Republic	5.6	7.3	4.7	9.5	8.8	93
Taiwan	6.5	8.6	9.6	14.2	16.7	118
Japan	39.1	58.6	18.6	87.3	79.0	90
Australia	17.9	10.2	10.9	14.8	13.9	94
New Zealand	4.1	5.0	3.8	4.4	5.3	120
Egypt	7.0	.6	1.2	.9	2.4	267
Other countries	51.4	49.6	44.5	40.8	46.4	114
Total	553.4	510.4	473.3	606.1	613.0	101

1/ Preliminary.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

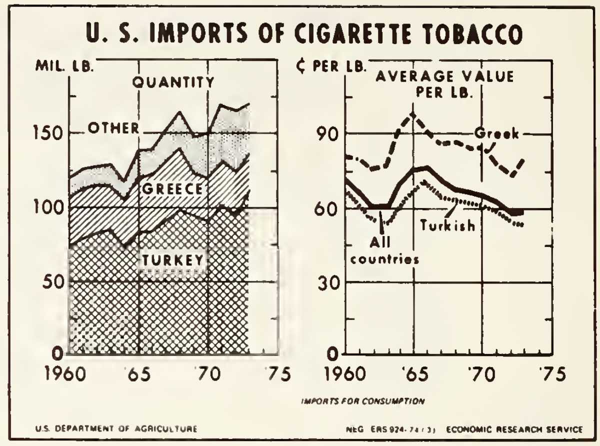
Table 9.--Exports of unmanufactured tobacco under Government financed programs and commercial sales, 1955-59 average, 1960-73 annual

Calendar year	Government financed exports: Title I, P.L. 480: Foreign currency sales	Government financed exports: Title I, P.L. 480: Long-term dollar credit sales	Government financed exports: Mutual Security and A.I.D.	Government financed exports: Total	Commercial exports: Barter 1/	Commercial exports: Dollar sales: CCC short term credit	Commercial exports: Dollar sales: Other	Commercial exports: Total	Total unmanufactured tobacco exports
	Quantity (exportsweight)								
	Million pounds								
Average:									
1955-59	49.0	---	2.9	51.9	4.0	---	443.9	447.9	499.8
1960	31.2	---	22.8	54.0	27.3	---	414.8	442.1	496.1
1961	26.0	---	20.5	46.5	61.3	---	393.2	454.5	501.0
1962	28.5	0.4	.4	29.3	50.3	---	389.3	439.6	468.0
1963	35.6	3.4	---	39.0	14.9	1.0	450.6	466.5	505.5
1964	37.9	3.5	4.3	45.7	19.5	---	449.3	468.8	514.5
1965	29.7	2.9	1.7	34.3	54.9	.3	378.6	433.8	468.1
1966	25.8	1.0	4.3	31.1	86.0	15.8	418.3	520.1	551.2
1967	17.4	5.9	2.5	25.8	91.4	10.8	444.3	546.5	572.3
1968	20.1	12.1	.3	32.5	92.7	13.5	460.1	566.3	598.8
1969	16.5	15.2	---	31.7	117.2	35.8	392.8	545.8	577.5
1970	12.6	10.4	---	23.0	122.8	58.6	306.0	487.4	510.4
1971	19.3	1.2	---	20.5	143.0	51.3	258.5	452.8	473.3
1972	24.4	2.6	---	27.0	207.4	40.0	331.7	579.1	606.1
1973 2/	21.3	.7	---	22.0	119.4	11.3	460.3	591.0	613.0
	Value								
	Million pounds								
Average:									
1955-59	35.3	---	1.6	36.9	2.3	---	310.7	313.0	349.9
1960	22.0	---	17.8	39.8	21.0	---	318.5	339.5	379.3
1961	20.4	---	16.5	36.9	35.2	---	318.8	354.0	390.9
1962	22.2	0.6	.3	23.1	31.1	---	319.2	350.3	373.4
1963	25.1	2.9	---	28.0	9.1	0.7	365.3	375.1	403.1
1964	24.3	3.7	2.8	30.8	11.9	---	370.2	382.1	412.9
1965	19.4	2.5	1.4	23.3	38.8	.2	320.4	359.4	382.7
1966	19.2	.8	3.8	23.8	65.7	14.0	378.0	457.7	481.5
1967	15.2	4.5	2.0	21.7	79.9	9.4	387.3	476.6	498.3
1968	17.3	10.2	.3	27.8	92.4	11.7	392.5	496.6	524.4
1969	14.9	13.6	---	28.5	121.6	36.1	353.5	511.2	539.7
1970	13.1	8.8	---	21.9	130.2	63.4	273.0	466.6	488.5
1971	19.0	1.4	---	20.4	155.3	54.6	231.7	441.6	462.0
1972	25.3	3.0	---	28.3	243.3	42.5	324.7	610.5	638.8
1973 2/	24.3	.7	---	25.0	144.4	12.1	499.6	656.1	681.1

1/ Government-financed for strategic materials, 1958-62.
2/ Subject to revision.

European Common Market (EC-9) reflected increased output of blended cigarettes and inventory gains. West Germany and Italy are the leading destinations. Japan, Denmark, the Netherlands, and Switzerland are also important. Thailand's takings fell sharply from the high level of 1972 but are expected to improve. Maryland tobacco exports declined and remained below recent high levels. Takings by Switzerland, the major market, decreased about one-fourth as production of the Maryland-blend cigarette declined.

U.S. tobacco exports under government-financed programs (Public Law 480) in 1973 totaled 22 million pounds, close to the record low in 1971. Two-thirds of the exports went to South Vietnam.



Imports Gain

With a sizable gain in fourth quarter 1973, imports of unmanufactured tobacco for consumption (withdrawals from bond and duty-paid releases for manufacture immediately upon arrival) surpassed 1971's record. The total of 269 million pounds was up 12 percent over 1972 (table 10). Among major categories, scrap accounted for most of the gain, but leaf and stem receipts were also up.

Cigarette leaf imports set a record. Carrying an average value of 59 cents per pound, this category is mostly oriental tobacco. Turkey, Greece, and Yugoslavia are principal suppliers. Also in this category for consumption are flue-cured and burley leaf imports which decreased last year. Little change occurred in lower-valued imports of scrap for cigarette use. Brazil accounted for most of the gain in stems. Last year's imports accounted for about one-sixth of the tobacco used in U.S. cigarette production. A similar high proportion is likely this year.

General imports of tobacco (arrivals; i.e., direct entries plus that placed in bonded warehouses for later factory use) were 3 percent higher last year. The gain was primarily accounted for by scrap and stems. The flue-cured and burley category was also up. Oriental cigarette leaf imports declined as U.S. purchases were delayed in Turkey and Greece.

Since tobacco arrivals exceeded factory use, stocks of imported cigarette and smoking tobacco in the United States on January 1, 1974, were up 5 percent from a year earlier and 15 percent above 3 years ago (farm-sales weight). U.S. stocks of imported cigar leaf also gained.

TOBACCO LEAF SITUATION AND OUTLOOK[1]

HIGHLIGHTS

Despite a larger crop, smaller carryover limited the supply of domestic leaf tobacco tobacco in 1973/74 to 5 billion pounds, 3½ percent below that of the previous year. By January 1, the stepped-up pace for both domestic use and exports had dropped nonfarm leaf stocks to a level 8 percent below a year earlier. By the end of the current marketing year, moderate export levels and continued gains in cigarette sales should further reduce stocks by about 6 percent from the beginning 3.3 billion pounds. With larger quotas this year, farmers will increase acreage and may produce the largest crop since 1964.

Prospective Acreage Up

Following a year of slightly increased production, tobacco growers plan to set 10 percent more acreage, according to the March intentions report. Prospects are for a 9-percent increase in flue-cured acreage and 17 percent in burley. Farm quotas are up for both types due in part to larger basic quotas. A decline is in prospect for acreage of Maryland and cigar types. Growers of fire-cured and dark air-cured types may set more acreage (table 11).

All tobacco types except Maryland, Pennsylvania filler, shade-grown cigar wrapper, and perique are under quotas. Acreage allotments were about the same for Virginia and Kentucky-Tennessee fire-cured, sun-cured, dark air-cured, and cigar filler and binder (types 42-44 and 53-55).

For all types of U.S. and Puerto Rican tobacco, production from this year's intended acreage would total 2.0 billion pounds. That would be the largest crop since 1964, and 14 percent more than last year. This level could be achieved with average weather provided sufficient supplies of fuel and fertilizer are

[1] All quantities in this section are farm-sales weight equivalent unless otherwise noted.

Table 10--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries, of origin, 1971-73

(Declared weight)

Classification and country or origin	Imports for consumption 1971	Imports for consumption 1972	Imports for consumption 1973 1/	Imports for consumption 1973 as a percentage of 1972	General imports (arrivals) 1971	General imports (arrivals) 1972	General imports (arrivals) 1973 1/	General imports (arrivals) 1973 as a percentage of 1972
	- - Million pounds - -			Percent	- - Million pounds - -			Percent
Cigarette tobacco:								
Leaf, unstemmed								
Oriental								
Turkey	101.5	95.7	111.2	116	68.9	135.1	119.4	88
Greece	29.1	29.4	24.8	84	18.3	28.9	12.1	42
Yugoslavia	21.8	15.1	15.4	102	12.9	9.3	13.4	144
Lebanon	6.9	10.2	8.9	87	3.7	8.7	13.0	149
Other countries	4.6	6.9	3.7	54	8.5	13.5	19.0	141
Flue-cured and burley	4.4	6.7	6.1	91	9.9	32.4	38.7	119
Subtotal	168.3	164.0	170.1	104	122.2	227.9	215.6	95
Scrap								
Turkey	10.1	10.6	7.2	68	2.7	10.9	6.1	56
Other countries 2/	8.1	2.3	5.5	239	3.5	6.3	7.2	114
Total	186.5	177.0	182.8	103	128.4	245.1	228.9	93
Cigar tobacco:								
Wrapper	1.0	.9	1.1	122	1.2	1.7	2.2	129
Filler--stemmed and unstemmed								
Dominican Republic	1.3	2.0	2.1	105	9.9	15.1	11.4	75
Other countries	5.1	8.8	8.6	98	25.7	34.2	38.8	113
Subtotal	6.4	10.8	10.7	99	35.6	49.3	50.2	102
Scrap								
Philippine Republic	27.2	18.3	14.5	79	15.3	14.2	14.0	99
Colombia	4.6	5.8	6.7	116	1.0	2.4	3.5	146
Dominican Republic	6.5	6.1	8.0	131	1.2	1.9	2.4	126
Brazil	4.1	6.0	10.5	175	.9	1.5	6.3	420
Other countries	11.5	11.9	25.4	213	3.5	14.2	26.8	189
Subtotal	53.9	48.1	65.1	135	22.0	34.2	53.0	155
Total	61.3	59.9	77.0	129	58.8	85.2	105.4	124
Stems	.8	3.7	8.9	241	.4	2.0	6.5	325
Grand total	248.5	240.5	268.6	112	187.6	332.2	340.8	103

1/ Preliminary.
2/ Canada, Greece, Cyprus, Lebanon, India, Korea.
Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 11.—U.S. tobacco: Acreage and production, 1972-74

Type	Acreage				Production			
	1972	1973	1974[1]	Change from 1973	1972	1973	1974[2]	Change from 1973
	1,000 acres	*1,000 acres*	*1,000 acres*	*Percent*	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*
Flue-cured								
11-Old and Middle Belt, VA.-N.C.	186.0	209.0	220.0	5.3	325	395	404	2.3
12-Eastern N.C.	157.0	180.0	190.0	5.6	333	407	418	2.7
13-S.C.-Border N.C.	103.0	114.0	134.0	17.5	219	237	284	19.8
14-Georgia-Florida	67.6	72.1	81.7	13.3	135	119	145	21.8
Total, types 11-14	513.6	575.1	625.7	8.8	1,012	1,158	1,251	8.0
Burley, type 31	235.6	227.0	264.7	16.6	601	475	622	30.9
Maryland, type 32	24.0	24.0	23.0	-4.2	24	26	24	-7.7
Total, all types 11-72	842.4	891.5	978.5	9.8	1,749	1,768	2,013	13.9

[1] March 1 intentions. [2] Based on average yield adjusted for trend.

available. The prospective crop added to the tentative carryover indicates a 1974/75 supply a little larger than this year's level.

1974 Price Support Program

The 1974 price support program for tobacco is expected to be similar to the one in effect for many years. Price support will be made available to eligible producers through nonrecourse loans to producer associations. To receive price support, tobacco producers must certify that they did not use DDT or TDE insecticides. USDA is developing a provision requiring flue-cured growers to designate the warehouses where they wish to receive price support.

Computations of price support level adjustment factor for tobacco, 1960-74

Crop year	Parity index[1]		Price support level adjustment factor[3]
	Previous calendar year	3-year average[2]	
	1910-14=100		*1959=100*
1960	298	293	([4])
1961	300	297	100
1962	302	300	101
1963	307	303	102
1964	312	307	103
1965	313	311	104
1966	321	315	106
1967	334	313	108
1968	342	332	111
1969	355	344	115
1970	373	357	120
1971	390	373	125
1972	410	391	131
1973	433	411	138
1974	496	446	150

[1] Index of prices paid by farmers, including wage rates, interest and taxes. [2] 3 calendar years immediately preceding. [3] 3-year average parity index divided by 1959 parity index. [4] Act of February 20, 1960 price support at the 1959 level.

Support prices are increased about 8.7 percent over 1973. This increase reflects higher prices for goods and services bought by farmers during the past 3 calendar years (1971-73) compared with 1959 average prices paid by farmers as required by law.

Growers of burley and Virginia sun-cured tobaccos approved marketing quotas on their next 3 crops. Therefore, price support will be available for their 1974, 1975, and 1976 crops. Growers of flue-cured, fire-cured, dark air-cured, cigar binder, and Ohio filler tobaccos approved marketing quotas applicable to the 1974 crop in previous referendums. However, growers of Maryland and Pennsylvania filler tobaccos again disapproved marketing quotas in referendums held in February and hence for 1974-76 crops of these two types will continue to be marketed without price support.

Flue-cured

Utilization Gains

Domestic disappearance of flue-cured tobacco (types 11-14) during 1973/74 may rise from last season's 664 million pounds. During the first half of the current marketing year, domestic disappearance ran 9 percent more than a year earlier. Cigarette output for last July-December was 10 percent higher than in the comparable period of 1972/73.

Exports so far this marketing year are above last season's level, as most leading destinations took more. They are running about a tenth above the July-January average of 1967-71. Flue-cured export prospects for the 12 months ending in June appear about equal to those of last season. July-January exports increased 15 percent to 375 million pounds, but exports for the rest of the season may trail. For the first 7 months, the United Kingdom, the EC, and Japan recorded gains. Shifts in storage policies and processing plant facilities meant a big jump in

Denmark's and Switzerland's taking. By contrast, Thailand, South Vietnam, and Ireland took less, primarily because of shifts in shipping patterns (table 12).

Table 12.—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-74

Year	Quota		Marketings				Net Carryover[2]
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota[1]	
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
				Flue-cured, types 11-14			
1965	1,126.0	1,124.4	1,055.5	27.1	96.0	96.0	68.8
1966	1,126.0	1,199.0	1,107.9	35.0	126.1	126.1	91.1
1967	1,126.0	1,202.4	1,247.5	77.9	32.8	30.8	-47.1
1968	1,126.5	1,067.9	996.3	26.5	98.1	96.6	70.0
1969	1,127.1	1,187.0	1,052.1	26.6	161.5	157.9	131.3
1970	1,071.0	1,190.8	1,178.2	65.1	77.6	71.2	6.1
1971	1,071.4	1,069.9	1,076.3	60.4	53.9	49.9	-10.5
1972	1,071.2	1,056.7	1,022.1	41.2	75.8	72.9	31.7
1973	1,178.4	1,205.6	[3]1,159.0	54.8	100.5	100.5	[3]45.7
1974	1,297.0	[4]1,346.0					
				Burley, type 31			
1971	555.1	552.9	471.5	9.7	91.2	91.1	81.4
1972	531.5	612.9	588.6	30.7	53.7	45.7	15.0
1973	559.7	573.6	[4]460.7	[4]11.4	[4]113.1	[4]113.1	[4]101.7
1974[4]	608.0	706.3					

[1] Under quota marketing less ineligible carryover. [2] Effective under quota marketings less over quota marketings. [3] Subject to revision. [4] Preliminary.

Carryover Declining Again

Despite the larger crop last season, prospects for higher disappearance mean that the flue-cured carryover on July 1 will drop about 50 million pounds from the 1,749 million of mid-1973. Since the beginning of acreage-poundage controls in 1965, the decline has averaged 101 million pounds a year through mid-1973.

Manufacturers and dealers have augmented their auction purchases by buying from CCC loan stocks again this season. During July 1973-February 1974, 125 million pounds of flue-cured tobacco were sold from loan stocks, compared with 220 million the same period last year. Unsold loan stocks on March 1 of 223 million pounds were substantially below a year earlier and the lowest level in over 2 decades.

1974 Quota Raised

On January 14, USDA increased the flue-cured quota to 1,297 million pounds, 10 percent larger than for 1973. A quota had originally been announced in July, but exports during July-November were well above the year-earlier level and a material increase in export demand was indicated for 1974-75 over the level anticipated last July. Therefore, the quota was raised. To handle the larger crop, manufacturers and dealers indicated that processing capacity is being increased.

Flue-cured tobacco: Acreage allotted and underproduction, 1960-74

Year	Acreage allotted[1]	Under production[2]	
		Number	As percent of allotment
	Thousands acres	*Thousands acres*	*Percent*
1960	713.3	21.6	3.0
1961	714.2	15.7	2.2
1962	745.2	15.4	2.1
1963	708.5	14.0	2.0
1964	638.2	10.7	1.7
1965	606.6	44.3	7.3
1966	644.9	38.0	5.9
1967	644.7	34.5	5.4
1968	578.2	45.2	7.8
1969	640.9	64.1	10.0
1970	638.7	54.6	8.5
1971	572.1	46.3	8.1
1972	562.3	48.7	8.7
1973	642.4	67.8	10.5
1974	725.9	100.2	13.8

[1] Basic allotment adjusted for overmarketings and undermarketings, 1966 to present. [2] Acreage allotted minus harvested acres, (latest year based on March 1 intentions).

Compiled from records and reports of Tobacco and Peanut Division, ASCS, and Statistical Reporting Service.

Acreage allotment and poundage quotas for individual farms reflect 1973 undermarketings,

overmarketings, and other required adjustments. The basic quota plus net undermarketings gives an effective quota of 1,340 million pounds, about 11 percent above 1973's quota. By States, the increase from last year ranges from 3 percent in Virginia to 30 percent in Georgia.

Acreage to Increase

With the national base quota set at 10 percent above 1973 and a larger quota carryover reflecting last year's net undermarketings, a larger crop is expected. Historically, producers have marketed an average of 96 percent of poundage quotas although acreage has been only 91 percent of acreage allotments (1969-73). According to March 1 intentions, 625,670 acres will be grown, about 9 percent above last year. On the intended acreage, a projected yield per acre—which takes into account the stabilized yield under farm-poundage quota—indicates a 1974 production about 1¼ billion pounds. This size crop would be 8 percent above 1973.

The projected crop plus the tentative carryover would give a 1974/75 supply about 2 percent above the 2.9 billion pounds available in the current marketing year (table 13).

Tobacco loan stocks, 1972-74

(Farm-sales weight)

Type	End of February		
	1972	1973	1974
	Million pounds	*Million pounds*	*Million pounds*
Flue-cured, 11-14	702.4	478.1	315.1
Uncommitted	607.6	358.1	209.7
Burley, 31	393.8	302.4	186.5
Uncommitted	326.8	257.1	70.2
Virginia, 21	.7	([1])	([1])
Kentucky-Tennessee, 22-23	2.3	3.1	2.8
Kentucky-Tennessee, 35-36	14.7	13.6	10.5
Ohio, 42-44	0	0	0
Puerto Rican, 46	2.2	0	0
Connecticut Valley, 51-52	.5	2.6	2.2
Total	1,116.6	799.8	517.2

[1] Negligible.

Compiled from records of Tobacco Division, ASCS.

Burley

Basic Quota Increased; Crop Prospects Up

For burley tobacco, the 1974 basic quota of 608 million pounds is 8 percent larger than last year's. The law provides that the quota for burley tobacco cannot be less than 95 percent of estimated disappearance for the season. Marketings from the 1973 crop totaled about 470 million pounds, the smallest amount in 15 years. Undermarketings equalled one-fifth of the 1973 effective quota and were substantially greater than 1971's large shortfall. The net carryover brings the effective farm quota for 1974 to 706 million pounds—22 percent more than the effective quota last season. In a grower referendum held February 25-March 1, 98 percent of the growers voting favored marketing quotas on their 1974, 1975, and 1976 crops.

March 1 intentions indicate burley growers will set about 17 percent more acreage than last year. Assuming an average yield adjusted for modified trend, production would total 622 million pounds, about one-third more than last year's weather-reduced crop. The indicated carryover would result in a 1974/75 supply about the same as the 1.70 billion pounds of the current marketing year.

Supply Down

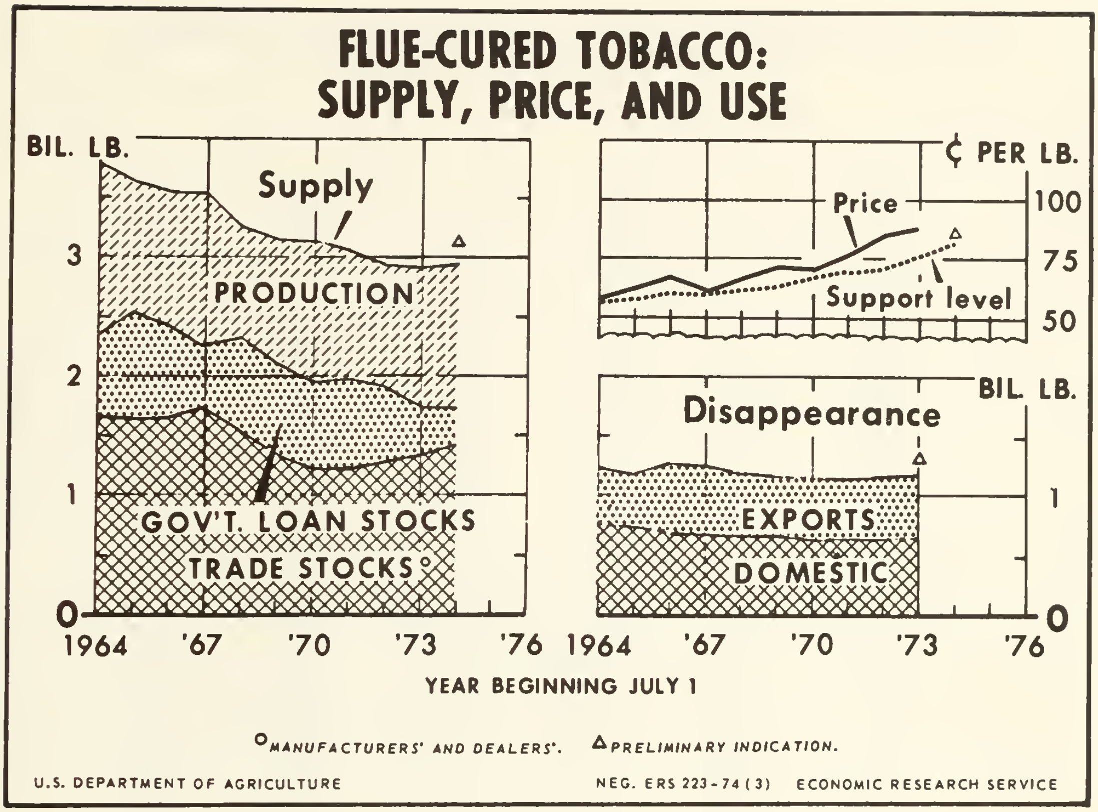
With last season's weather-reduced crop, the 1973/74 burley tobacco supply is about 1.7 billion pounds, 7 percent below last year. Supplies are equal to 2.7 times estimated disappearance. Carryover on October 1 was 2 percent below a year earlier and the lowest since 1963 (table 13).

By March 1, unsold burley loan stocks were the lowest level since 1962. Stocks have decreased about three-fourths from the 257 million pounds of a year earlier. The 2 grower loan associations received a negligible share of total 1973 crop sales compared with 3.7 percent of 1972 sales. With rising cigarette sales, relatively high exports, and a short crop, manufacturers have bought heavily from loan stocks.

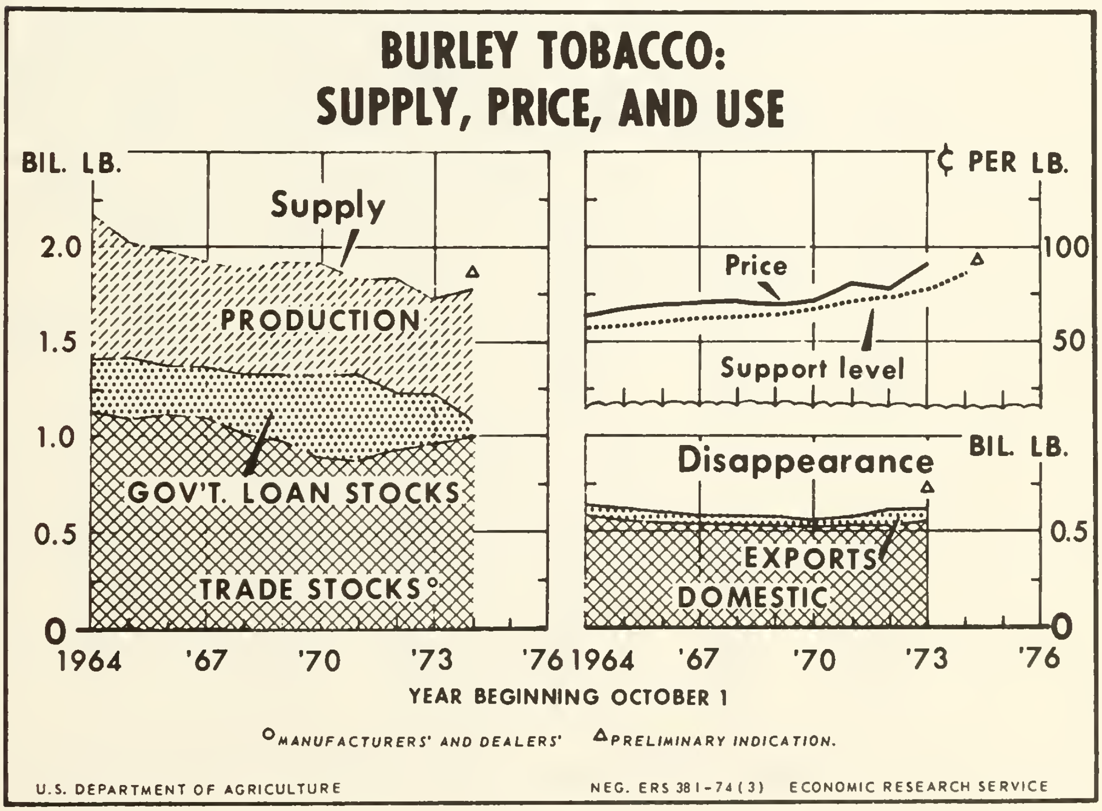
Rising cigarette production means domestic burley use in 1973/74 may increase from the 534 million pounds of last marketing year. But exports may stabilize near last year's level. Shipments in October 1973-January 1974 increased 3 million pounds. The Netherlands, the Philippine Republic, and Denmark increased takings sharply. But West Germany and Sweden reduced their takings. None was exported to Thailand; later shipments are expected.

Foreign burley production in 1973 declined 9.5 million pounds and overall world production was off 110 million pounds from the previous season's record. Burley production in several countries was down but the United States accounted for more than 90 percent of the decline in world production. Greece increased burley production 10 percent and several other countries had gains. With such foreign producers as Brazil, Mexico, Japan, Greece, and others expanding output, U.S. exports may do well to hold their own.

U.S. burley disappearance is on the uptrend and due to the short crop last year carryover stocks next October 1 will likely be down from last year's 1,229 million pounds. Loan stocks may fall one-third from the year earlier level.



FLUE-CURED TOBACCO:
SUPPLY, PRICE, AND USE
BIL. LB.
Supply
PRODUCTION
GOV'T. LOAN STOCKS
TRADE STOCKS°
3
2
1
0
1964
'67
'70
'73
'76
¢ PER LB.
Price
Support level
100
75
50
Disappearance
BIL. LB.
EXPORTS
DOMESTIC
1
0
1964
'67
'70
'73
'76
YEAR BEGINNING JULY 1
°MANUFACTURERS' AND DEALERS'.
△PRELIMINARY INDICATION.
U.S. DEPARTMENT OF AGRICULTURE
NEG. ERS 223-74 (3)
ECONOMIC RESEARCH SERVICE



BURLEY TOBACCO:
SUPPLY, PRICE, AND USE
BIL. LB.
Supply
PRODUCTION
GOV'T. LOAN STOCKS
TRADE STOCKS°
2.0
1.5
1.0
0.5
0
1964
'67
'70
'73
'76
¢ PER LB.
Price
Support level
100
50
Disappearance
BIL. LB.
EXPORTS
DOMESTIC
0.5
0
1964
'67
'70
'73
'76
YEAR BEGINNING OCTOBER 1
°MANUFACTURERS' AND DEALERS'
△PRELIMINARY INDICATION.
U.S. DEPARTMENT OF AGRICULTURE
NEG. ERS 381-74 (3)
ECONOMIC RESEARCH SERVICE

Table 13.—Flue cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield production, carryover, supply, disappearance, season average price, and price support operations, 1963-74

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks[1]			Total supply
				Manufactures and other	Under loan	Total	
	Thousand acres	*Pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
	Flue-cured, types 11 14						
1963	694.5	1,975	1,371.5	1,785.3	496.3	2,281.6	3,653.1
1964	627.6	2,211	1,387.8	1,689.5	696.9	2,386.4	3,774.2
1965	562.3	1,883	1,059.0	1,636.9	918.5	2,555.4	3,614.4
1966	607.0	1,825	1,107.9	1,602.5	836.4	2,438.9	3,546.8
1967	610.3	2,070	[2] 1,250.0	1,587.1	685.4	2,272.5	3,522.5
1968	533.0	1,841	[2] 995.6	1,528.1	773.4	2,301.5	3,297.1
1969	576.8	1,825	1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970	584.1	2,042	[2] 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971	525.8	2,050	[2] 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972	513.6	1,971	[2] 1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973[3]	575.1	2,013	[2] 1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974[4]	625.7	2,000	1,251.3	1,433.3	270.0	1,703.3	2,954.6
	Burley, type 31						
1963	338.5	2,231	755.1	1,133.5	94.4	1,227.9	1,983.0
1964	306.6	2,022	619.8	1,146.8	265.4	1,412.2	2,032.0
1965	277.1	2,116	586.3	1,099.3	316.4	1,415.7	2,002.0
1966	240.7	2,437	586.7	1,133.4	261.9	1,395.3	1,982.0
1967	237.7	2,274	540.6	1,104.8	276.7	1,381.5	1,922.1
1968	237.6	2,372	563.4	1,002.4	321.7	1,324.1	1,887.5
1969	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971	213.5	2,213	472.6	882.4	468.4	1,345.8	1,818.4
1972	235.6	2,552	[2] 590.3	920.9	327.6	1,248.5	1,838.8
1973[3]	227.0	2,093	[2] 471.0	952.5	276.7	1,229.2	1,700.2
1974[4]	264.7	2,350	622.0	1,000.0	75.0	1,075.0	1,697.0

Marketing year	Disappearance			Average price per pound	Price support level	Placed under Government loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	Million pounds	*Million pounds*	*Million pounds*	*Cents*	*Cents*	*Million pounds*	*Percent*
	Flue-cured, types 11-14						
1963	1,266.7	768.3	498.4	58.0	56.6	277.2	20.2
1964	1,218.8	774.7	444.1	58.5	57.2	285.6	20.7
1965	1,175.5	752.4	423.1	64.6	57.7	71.5	6.8
1966	1,274.3	687.2	587.1	66.9	58.8	74.6	6.8
1967	1,221.0	687.7	533.3	64.2	59.9	282.1	22.6
1968	1,197.0	671.7	525.3	66.6	61.6	128.8	12.9
1969	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973	[4] 1,205.0	[4] 695.0	[4] 510.0	[5] 88.1	[4] 83.3	31.3	2.7
1974							
	Burley, type 31						
1963	570.8	513.4	57.4	59.2	58.3	202.3	26.8
1964	616.3	560.6	55.7	60.3	58.9	110.4	17.8
1965	606.7	549.6	57.1	67.0	59.5	42.2	7.2
1966	600.5	544.1	56.4	66.9	60.6	62.5	10.6
1967	598.0	544.6	53.4	71.8	61.8	64.2	11.9
1968	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	569.9	515.2	54.7	80.9	71.5	.2	([6])
1972	609.6	534.0	75.6	79.2	74.9	22.9	3.9
1973	[4] 625.0	[4] 550.0	[4] 75.0	[5] 92.8	[4] 85.8	.7	.1
1974							

[1] July for flue-cured; October 1, for burley. [2] Sales. [3] Subject to revision. [4] Estimated; production is based on intended acreage and projected yield. [5] Based on sales data. [6] Less than .05 percent.

Table 14.--Burley tobacco: Gross sales, and average price, by States, crops of 1972 and 1973

States	1972 crop		1973 crop	
	Sales	Average price	Sales	Average price
	Million pounds	Cents per pounds	Million pounds	Cents per pounds
Kentucky	436.1	79.37	335.4	93.22
Tennessee	107.9	79.03	91.7	92.13
Virginia	27.3	78.93	24.6	92.15
North Carolina	18.9	77.59	17.9	91.78
West Virginia	5.4	77.71	4.5	90.93
Indiana	13.0	78.53	9.4	92.59
Ohio	10.6	78.37	7.5	92.92
Missouri	4.9	78.20	4.0	90.19
Total all States 1/	624.0	79.18	495.1	92.85

1/ Computed from unrounded data.

Table 15.--Burley tobacco: Price spreads among specified grades, average 1955-64, annual 1965-73

Period	Average price of C4F	Cents per pounds lower than C4F						
		X4F	C4R	B4F	B4FR	B4R	T4R	NIG
	Cents per pound							
Average:								
1955-59	67	1	2	3	5	7	11	25
1960-64	71	1	4	4	9	14	19	32
1965	73	1	6	5	8	13	15	28
1966	74	1	6	4	9	13	13	25
1967	75	0	3	4	7	8	9	14
1968	75	1	2	2	3	4	5	10
1969	75	1	1/6	5	8	12	13	19
1970	77	0	1/5	3	5	8	10	18
1971	82	1	1/1	1	1	1	2	11
1972	80	0	1/1	0	0	0	2	9
1973	93	1	1/2	0	0	0	1	11

1/ C4K grade.

Auction Prices Record High

Average price for the 1973 burley crop was the highest ever. Sales volume was down 20 percent from last season's level. General quality of marketings showed only small change from the previous crops. Sales contained a smaller percentage of lugs with a larger proportion of mixed grades. There was a smaller percentage of no-grade and wet tobacco. Principal offerings were good and fair leaf, good mixed, and fair lugs. Despite the reduced volume, crop value this season was exceeded only by crops produced in 1963 and 1972. Even with the large decline in volume, value was down only 7 percent from last season.

Auction prices for the 1973 burley crop (including resales) averaged 93 cents a pound—14 cents above the previous year's record level. Over 85 percent of sales averaged 90 cents or above. Average increases by States ranged from 13.0 to 14.5 cents (table 14). Average prices by markets ranged from 87.4 cents per pound in Henderson, Kentucky, to 94.7 cents in Springfield, Kentucky.

Markets opened November 26, and the season ended February 14 at Lexington, Kentucky. With the smaller crop, sales took 6 fewer sale days than for the 1972 crop. About three-fourths of the crop was sold by December 20, when markets closed for the holidays. Average prices by grade ranged from 7 to 17 cents per pound above last season (table 15).

Maryland

Auction Open April 16

Auctions for the 1973 crop of Maryland tobacco (type 32) are scheduled to open April 16 and continue through June 14. Maryland tobacco does not receive government price support. For the 1972 crop, (marketed mostly in 1973) growers received the highest average price on record, 84.5 cents a pound. Quantity marketed was 15 percent below the previous season's marketings.

About 3½ million pounds of type 32 were certified and sold in burley and other quota areas. About two-thirds of this tobacco was sold privately and one-third sold at auction. Auction sales averaged around 63 cents per pound.

Supplies Unchanged

January 1 stocks were down 2.8 million pounds due to a short 1972 crop. But growers produced a 9 percent larger crop in 1973 than in the previous season. So this year's supply is about the same as in 1972/73 but the smallest since 1945/46 (table 16). Use may about equal the past marketing year's level with cigarette production increasing and supplies remaining about stable.

Exports during October 1973-January 1974 were 3.0 million pounds. This was 2.3 million below a year earlier. West Germany took slightly more than in the year-earlier period, but Switzerland, the major market, took considerably less.

Output Prospects

Based on March 1 intentions, farmers will set about 23,000 acres this year, down 4 percent from 1973. This does not include Maryland tobacco grown outside the traditional Southern Maryland producing area. Growers rejected marketing quotas for their 1974, 1975, and 1976 crops of Maryland in a February referendum. Quotas were last in effect for the 1965 crop of Maryland tobacco.

Assuming an average yield, about 24 million pounds would be produced from the 1974 intended acreage—about one-eight below the estimated 1973 outturn. So the 1974/75 supply—projected output plus tentative carryover—may total below this year's 70 million pounds.

Fire-cured

Price Record High

Prices rose to a record high for the smaller volume fire-cured crop (types 21-23). For the Virginia crop

Table 16.—Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1968-73

Marketing year	Acreage harvested	Yield per acre	Supply: Production	Supply: Stocks, Jan. 1	Supply: Total	Disappearance[1]: Total	Disappearance[1]: Domestic	Disappearance[1]: Exports	Average price per pound to growers
	Thousand acres	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Cents*
1968	30.0	1,065	32.0	81.5	113.5	48.7	38.3	10.4	69.8
1969	28.0	1,000	28.0	66.7	94.7	41.3	29.1	12.2	75.1
1970	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973[2]	24.0	1,100	26.4	43.8	70.2				

[1] Year beginning October 1. [2] Subject to revision.

(type 21) they were up about 11 cents per pound after a substantial increase last season. For the Kentucky-Tennessee types prices also rose sharply after a decline in price last season. Quality of offerings were up from last season for all types. Auction sales began in early December for Virginia fire-cured and in mid-January for types 22-23. Final sales were held February 7 for type 21 and early March for types 22-23.

For types 21-23, grade price averages advanced in all cases. Increases ranged from 1 to 15 cents per pound. Deliveries to associations under the government loan program were the lowest on record. The average price of 73 cents per pound for the 1973 crop (types 21-23) was up about a fourth from the previous year. Volume of producer marketings increased for type 21 but were down for types 22-23.

Exports Decrease

During the first third of the current marketing year (October 1973-January 1974) exports of Kentucky-Tennessee fire-cured decreased to 7.5 million pounds from the year-earlier level of 7.9 million. Shipments to Switzerland and to Belgium increased. The Netherlands and Sweden decreased their takings. Exports of Virginia fire-cured declined with most major destinations taking less.

Foreign fire-cured production gained about a million pounds last year. Italy, and several other countries showed some production increases. So U.S. exports may change little this marketing year. In the United States, snuff and plug chewing output is declining. So domestic use of fire-cured types in 1973/74 may decline from last season's level (table 17).

Prospective Acreage Up

Acreage of fire-cured types in 1974 will increase 9 percent according to farmers' March 1 intentions. No change is indicated for type 21 and an 11 percent increase for types 22-23.

Acreage allotments for most farms growing Kentucky-Tennessee fire-cured will be about one percent smaller in 1974 than in 1973. National. quota for Virginia fire-cured is 8 percent less. However, allotments for most farms growing this type will be about the same. Quotas will be reduced in line with plantings on farms that historically have produced less than 75 percen of their quotas.

If the yield per acre follows recent trends, production of the combined fire-cured types would total around 40 million pounds—about 14 percent above 1973 crop marketings.

Carryover of fire-cured tobacco on October 1, 1974, may be around 60 million pounds, about 5 million less than last October 1. Carryover stocks, plus the projected crop, would provide a supply about the same as the 100 million pounds for the current year.

Fire-cured and dark air-cured tobacco: Acreage and production, 1972-74

Type	Acreage				Production			
	1972	1973	1974[1]	Change from 1973	1972	1973[2]	1974[3]	Change from 1973
	1,000 acres	*1,000 acres*	*1,000 acres*	*Percent*	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*
Fire-cured								
Virginia, 21	4.8	4.6	4.6	0	4.7	5.6	5.8	3.6
Ky.-Tenn., 22	16.0	13.8	15.2	10.1	30.6	23.1	28.2	22.2
Ky.-Tenn., 23	4.3	3.0	3.4	13.3	7.0	4.3	5.6	30.2
Total, types 21-23	25.2	21.3	23.2	8.9	42.2	33.0	39.6	20.0
Dark air-cured								
Ky.-Tenn., 35	5.8	5.3	5.6	5.7	10.6	8.3	10.3	24.1
Kentucky, 36	2.5	2.3	2.2	-4.3	4.9	3.9	[4] 3.9	-.3
Va. sun-cured, 37	.8	.7	.6	-14.3	.8	.9	.7	-22.2
Total, types 35-37	9.0	8.3	8.4	1.2	16.3	13.2	14.9	12.9

[1] March 1 intentions. [2] Based on auction sales. [3] Based on average yield adjusted for trend.

Dark air-cured

Smaller Crop, Higher Prices

Record-high prices prevailed for the 1973 crop of One Sucker, Green River, and Virginia sun-cured tobaccos (types 35-37). Quality of offering improved over the previous season. Total volume was about a fourth less. Auction sales started in early December and closed in early February.

Grade averages were higher and government loan placements were negligible. Compared with the previous season, the average price was up 2.9 cents

Table 17.--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-74

(Farm-sales weight)

Marketing year beginning October 1	Average harvested	Yield per acre	Production	Beginning stocks, October 1 -- Manufacturers and other	Under loan	Total	Total supply
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
	Kentucky-Tennessee fire-cured, types 22-23						
1967	17.3	1,702	29.5	64.0	27.3	91.3	120.8
1968	17.9	1,822	32.6	57.3	21.5	78.8	111.4
1969	19.0	1,797	34.1	61.1	11.6	72.7	106.8
1970	17.7	1,749	30.9	54.1	9.7	63.8	94.7
1971	19.5	1,928	37.6	48.6	4.7	53.3	90.9
1972	20.4	1,844	37.6	55.0	1.2	56.2	93.8
1973 1/	16.7	1,768	*27.4	54.2	3.1	57.3	84.7
	Virginia fire-cured, type 21						
1967	5.4	1,290	7.0	12.1	2.7	14.8	21.8
1968	4.9	1,205	5.9	8.9	2.8	11.7	17.6
1969	5.0	1,340	6.7	8.0	1.9	9.9	16.6
1970	5.0	1,230	6.2	8.4	1.4	9.8	16.0
1971	5.0	1,180	5.9	8.0	1.0	9.0	14.9
1972	4.8	970	4.7	7.9	.4	8.3	13.0
1973 1/	4.6	1,250	*5.6	7.6	3/	7.6	13.2

Marketing year beginning October 1	Disappearance: Total	Domestic	Exports	Average price per pound	Price support level	Placed under Government loan: Quantity	Percentage of crop
	Million pounds	Million pounds	Million pounds	Cents	Cents	Million pounds	Percent
	Kentucky-Tennessee fire-cured, types 22-23						
1967	42.0	14.9	27.1	46.2	41.9	.8	2.7
1968	38.7	2/19.1	19.6	51.1	43.1	.4	1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970	41.4	13.1	28.3	54.4	56.6	3/	.1
1971	34.7	16.0	18.7	60.8	48.5	3/	.1
1972	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973				*71.8	53.5	.2	.7
1974					**58.2		
	Virginia fire-cured, type 21						
1967	10.1	3.4	6.7	40.9	41.9	.7	10.1
1968	7.7	3.0	4.7	46.9	43.1	.2	3.4
1969	6.8	1.7	5.1	53.1	44.6	.1	1.5
1970	7.0	2.4	4.6	52.0	46.6	.1	2.0
1971	6.6	3.1	3.5	54.8	48.5	.1	1.0
1972	5.4	1.3	4.1	64.2	50.8	3/	.1
1973				*75.9	53.5	3/	---
1974					**58.2		

1/ Subject to revision. 2/ Includes 4.7 million pounds fire loss, April 1969. 3/ Less than 50,000 pounds. * Indicated by sales data. ** Estimated.

Table 18.—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-74

(Farm-sales weight)

Marketing year beginning October 1	Average harvested	Yield per acre	Production	Beginning stocks: Manufacturers and other	Beginning stocks: Under loan	Beginning stocks: Total	Total supply
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
	Dark air-cured, types 35-36						
1967	9.5	1,629	15.5	39.2	21.3	60.5	76.0
1968	9.8	1,831	18.0	41.1	17.1	58.2	76.2
1969	10.1	1,793	18.1	44.1	15.0	59.1	77.2
1970	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973 1/	7.6	1,739	*12.2	31.9	12.8	44.7	56.9
	Sun-cured, type 37						
1967	1.2	1,090	1.3	4.2	0	4.2	5.5
1968	1.1	1,095	1.2	3.9	0	3.9	5.1
1969	1.1	1,225	1.3	3.8	0	3.8	5.1
1970	1.0	1,100	1.1	3.3	0	3.3	4.4
1971	.9	1,200	1.1	3.1	0	3.1	4.2
1972	.8	1,010	.8	3.0	0	3.0	3.8
1973 1/	.7	1,200	*.9	3.2	0	3.2	4.1

Marketing year beginning October 1	Disappearance: Total	Disappearance: Domestic	Disappearance: Exports	Average price per pound	Price support level	Placed under Government loan: Quantity	Placed under Government loan: Percentage of crop
	Million pounds	Million pounds	Million pounds	Cents	Cents	Million pounds	Percent
	Dark air-cured, types 35-36						
1967	17.8	14.8	3.0	40.8	37.3	1.4	9.0
1968	17.1	15.0	2.1	47.4	38.3	.7	3.9
1969	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972	17.0	14.0	2.3	50.3	45.2	1.2	.8
1973				*61.8	47.6	2/	.2
1974					**51.8		
	Sun-cured, type 37						
1967	1.6	1.2	.4	45.2	37.3	3/25	1.9
1968	1.3	1.1	.2	53.2	38.3	3/1	.1
1969	1.8	1.5	.3	52.8	39.7	3/1	.1
1970	1.3	1.1	.2	53.8	41.4	3/3	.3
1971	1.2	1.0	.2	54.1	43.1	0	---
1972	.6	.4	.2	57.9	45.2	0	---
1973				*69.9	47.6	0	---
1974					**51.8		

1/ Subject to revision. 2/ Less than 50,000 pounds. 3/ Quantity placed under loan reported in thousand pounds. * Indicated by sales data. ** Estimated.

for type 35, which has the largest sales volume; type 36 increased 15.9 cents and type 37 gained 11.5 cents.

At 61 million pounds, the 1973/74 supply of dark air-cured is down about 7 percent. Virginia sun-cured supplies are higher (table 18).

Use Lower

Plug, twist, and fine-cut chewing tobaccos are the chief domestic outlets for dark air-cured tobacco. Output of these products has trended down, but increased slightly in October-December 1973 (first quarter of the current marketing year).

Most U.S. exports of dark air-cured tobacco reach West African destinations in the form of Black Fat—a semi-processed product. In October 1973-January 1974, Black Fat exports were 112,000 pounds below the year-earlier level. Virtually no One Sucker and Green River leaf was exported in October 1973-January 1974.

Intended Acreage

Farmers this year plan to harvest a little more acreage of dark air-cured (including sun-cured). For most farms growing these types, acreage allotments are about the same in 1974 as in 1973. Based on an average yield per acre, with allowance for trend, 1974 production of dark air-cured and sun-cured tobaccos would be almost 15 million pounds—slightly above the marketings from the 1973 crop.

Because utilization is expected to exceed the season's marketings, the carryover of dark air-cured and sun-cured types next October 1 probably will decline from the 48 million pounds of last October 1. Indicated carryover plus this year's projected crop could result in a smaller supply.

CIGAR TOBACCO

Prices and Price Support

Producers of cigar tobacco are receiving higher prices this season than last for their tobacco crops. As usual, Ohio filler and Connecticut binder crops were sold last fall, but selling was slow getting underway while buyers and sellers negotiated prices for Pennsylvania and Wisconsin crops. By late February, only about 25 to 30 percent of the cigar filler and binder crops had been sold. Pennsylvania tobacco sold for 55 cents per pound and after holding several meetings Wisconsin growers obtained up to 60½ cents per pound. Season average price and production data for the 1973 cigar tobacco crop are scheduled for release May 8.

Overall price support levels for the 1974 crop of cigar leaf tobacco are about 8.7 percent higher than for the 1973 crops. There is no government price support for Pennsylvania tobacco (type 41) or shade-grown cigar wrapper (types 61-62.). For many years, the Puerto Rican Government has allocated annual poundage quota to cigar filler growers and made supplemental payments. The current supplemental rate is 20 cents per pound.

Cigar Filler and Binder Allotments

For most farms growing cigar filler and binder tobacco (types 42-44, 53-55) USDA set 1974 acreage allotments about the same as for 1973. The national acreage allotment is about the same as in 1973. Growers approved marketing quotas for their 1974 crop in a 1972 referendum. Also, USDA reallocated allotments from growers who did not wish to use their allocated acreage this year to growers who want to increase their crop.

In January, USDA set 1974 allotments for most farms growing cigar binder (types 51-52) at about the same level as 1973. However, the national allotment is 3 percent below acreage allotted in 1973. Farms that have substantially reduced their plantings in recent years will have their allotments reduced in line with their plantings. Connecticut-Massachusetts allotments are about unchanged from a year earlier.

U.S. and Puerto Rican Supplies Lower

Total supplies of U.S. and Puerto Rican cigar tobacco are down 6 percent from the past marketing year. Production was 16 percent greater but carryover was down 15 percent. Cigar filler accounted largely for the drop, but wrapper supplies also fell some (table 19).

March 1 grower intentions indicate smaller acreage of cigar tobacco this season. Based on average yield, the crop may be down about 7 percent. Cigar filler has experienced the weakest market in recent years. With the rising cost contributing to their dissatisfaction, Wisconsin tobacco growers plan for a smaller crop next season. After 4 years of sharp reductions, cigar wrapper supplies are still adequate.

The January 1, 1974, stocks of Puerto Rican tobacco (on the Island and in the United States) totaled 7 million pounds—3 million below a year earlier. The crop, planted in late 1973 for harvest in early 1974, is tentatively estimated at 6½ million pounds—somewhat above last year's record-low harvest.

More foreign cigar tobacco arrived in the United States in 1973 than the year before. The average import value of cigar filler and scrap tobacco entered last year was 51 cents per pound.

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-73

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply: Production	Supply: Beginning stocks 1/	Supply: Total supply	Disappearance: Total	Disappearance: Domestic	Disappearance: Exports	Average price per pound to growers
	Thous. acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
				Pennsylvania Seedleaf Filler (type 41)					
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	0.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,825	36.5	105.1	127.9	44.3	43.7	.6	30.0
1970	17.0	1,800	30.6	97.3	129.3	40.9	40.7	.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973 2/	14.0	1,650	23.1	53.7	76.8				
				Ohio, Miami Valley Filler (types 42-44)					
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973 2/	2.2	1,650	3.6	6.8	10.4				
				Puerto Rico Filler (type 46) 3/					
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	4/33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	4/33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	4/36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	4/39.8
1972	5.6	833	4.8	12.7	17.5	8.3	8.3	---	4/42.1
1973 2/	4.5	1,444	6.5	9.2	15.7				
				Total Cigar Filler (types 41-46)					
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.5
1969	26.4	1,721	45.4	141.8	187.2	61.6	61.0	.6	30.6
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973 2/	20.7	1,605	33.2	69.7	102.9				
				Connecticut Valley Binder (types 51-52)					
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.7
1972	1.6	1,725	2.7	7.4	10.1	2.6	2.5	.1	70.2
1973 2/	1.5	1,678	2.5	7.5	10.0				
				Southern Wisconsin Binder (type 54)					
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	40.2
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972	5.0	1,685	8.4	20.3	28.7	9.3	9.3	---	48.0
1973 2/	4.9	1,950	9.6	19.4	29.0				
				Northern Wisconsin Binder (type 55)					
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	#	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	#	49.0
1973 2/	5.3	1,900	10.1	19.5	29.6				

See footnotes at end of table.

Continued --

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-73--Cont.

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply: Production	Supply: Beginning stocks 1/	Supply: Total supply	Disappearance: Total	Disappearance: Domestic	Disappearance: Exports	Average price per pound to growers
	Thous. acres	Pounds	Million pounds						Cents
				Total Wisconsin Binder (types 54-55)					
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	0.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	#	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	#	48.5
1973 2/	10.2	1,924	19.7	38.9	58.6				
				Total Cigar Binder (types 51-55)					
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,716	15.4	49.2	64.6	22.3	21.7	.6	44.3
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,730	21.4	46.7	68.1	21.7	21.6	.1	51.3
1973 2/	11.7	1,892	22.2	46.4	68.[illegible]				
				Connecticut Valley Shade-grown (type 61)					
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	400.0
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972	4.0	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973 2/	5.0	1,319	6.6	10.7	17.3				
				Georgia-Florida Shade-grown (type 62)					
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973 2/	2.6	1,412	3.7	7.0	10.7				
				Total Shade-grown (types 61-62)					
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	276.0
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	341.3
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.0	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973 2/	7.6	1,351	10.3	17.7	28.0				
				Grand Total Cigar Tobacco (types 41-62)					
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.7	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,439	58.3	156.4	214.7	80.9	77.3	3.6	104.3
1973 2/	40.0	1,641	65.7	133.8	199.5				

1/ October 1 for types 41-55; July 1 for types 61-62.

2/ Subject to revision.

3/ Puerto Rican planting occurs late in calendar year.

4/ Excludes payment by Puerto Rican Government; 17 cents per pound in 1972.

Less than 50,000 pounds.

Domestic Use May Decline

Cigar makers may sell fewer small cigars this year than last. Also large cigars may not hold their own. So domestic disappearance of U.S. filler types will probably fall from last marketing year's low level. Imported tobacco accounts for about two-thirds of our total filler use. During October 1973-January 1974, cigar factories used more imported cigar tobacco (imports for consumption) than a year earlier.

For Connecticut Valley cigar binder, disappearance in 1973/74 will probably match last season's low. Production is stabilizing around the offtake level. Now the major use for Wisconsin tobacco is loose-leaf chewing tobacco and with sales increasing, domestic disappearance of Wisconsin tobacco may gain.

Domestic use of cigar wrapper is continuing at the low level of the past 4 seasons. Stocks on January 1 were 11 percent below a year earlier. Total disappearance may exceed the 1973 crop of 10 million pounds. Thus, the July 1 carryover could decline. Exports on July 1973-January 1974 were down with less going to the United Kingdom.

Cigar tobacco: Prospective plantings and projected production, 1974

Class and type	Acreage[1]		Production[2]	
	Amount	Change from 1973	Amount	Change from 1973
	Thou. acres	*Pct.*	*Mil. lb.*	*Pct.*
Filler				
Pennsylvania	13.0	-7.1	20.8	-10.0
Ohio	2.1	-4.5	3.5	-2.8
Total	15.1	-6.8	24.3	-9.0
Binder				
Connecticut Valley	1.4	-6.7	2.4	-4.0
Wisconsin	9.6	-5.9	18.7	-4.6
Total	11.0	-6.0	21.1	-5.0
Wrapper				
Connecticut Valley	5.4	8.0	7.3	10.6
Georgia-Florida	1.8	-30.8	2.6	-29.7
Total	7.2	-5.3	9.9	-3.9
Total, all types	33.3	-6.2	55.3	-6.6

[1] Based on farmers' intentions as of March 1. [2] Based on average yield adjusted for trend.

FOREIGN MARKETS

Market Briefs

Last year the United Kingdom took about the same amount of U.S. tobacco as in 1972, but U.K. arrivals from the Commonwealth and other countries gained. Trade with Rhodesia remains embargoed. Despite rising U.S. prices and uncertainty about future EC tobacco taxes, U.K. stocks of U.S. tobacco stabilized last year, after declining for several years. Net clearances (domestic use) increased 3 percent, as U.K. cigarette sales gained from the 1972 level.

With favorable weather conditions, Canada's flue-cured crop was an estimated 250 million pounds last year, about 40 percent above 1972. Auction sales in

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1971-74

(Farm-sales weight)

Country of origin	General imports			Imports for consumption			Dealers and manufacturers stocks, January 1			
	1971	1972	1973	October-September 1972-73	October-January 1972-73	October-January 1973-74	1971	1972	1973	1974
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Philippines	30.6	35.6	27.6	25.1	9.3	7.7	40.4	31.6	37.3	33.5
Dominican Republic	13.8	21.3	17.2	15.3	4.5	4.7	9.8	9.2	17.1	17.9
Brazil	6.8	7.4	20.7	21.0	7.0	3.6	8.0	7.3	8.0	7.7
Colombia	6.7	12.1	16.3	11.7	3.2	2.2	8.6	6.4	7.0	10.4
Paraguay	2.0	10.4	11.4	8.0	2.8	1.5	9.0	5.6	6.9	9.0
Mexico	4.2	6.4	14.6	6.5	1.5	10.2	6.7	5.7	6.5	4.8
Indonesia	3.1	5.9	12.7	6.4	2.4	11.9	2.9	4.1	6.7	9.8
All others	18.2	26.1	40.1	19.0	6.9	13.4	13.5	13.0	16.9	19.1
Total	85.4	125.2	160.6	113.0	38.6	45.0	98.9	82.9	106.4	112.3

Ontario began October 25 and totaled 173 million pounds through March 1. Sales averaged 78 Canadian cents per pound (80 U.S. cents) 1 cent lower than last season. The marketing Board projects exports of 90 million pounds, a jump from the recent year's exports of about 30 percent of the crop. Several destinations besides the usual U.K. market account for the increase. The 1973 agreement was for growers to aim for an output of 500 million pounds, spread over 2 years with cost changes to be considered in negotiating the 1974 price guarantee. For 1974, the Ontario acreage allotment is expected to be set about the same as in 1973.

The 1974 flue-cured crop in Rhodesia is expected to be near the 1974 target of 200 million pounds. The 1973 crop, which suffered from drought, only reached an estimated 110 million pounds. A 10 percent higher price guarantee equivalent to 42 U.S. cents per pound will apply at auction sales, which usually begin in March.

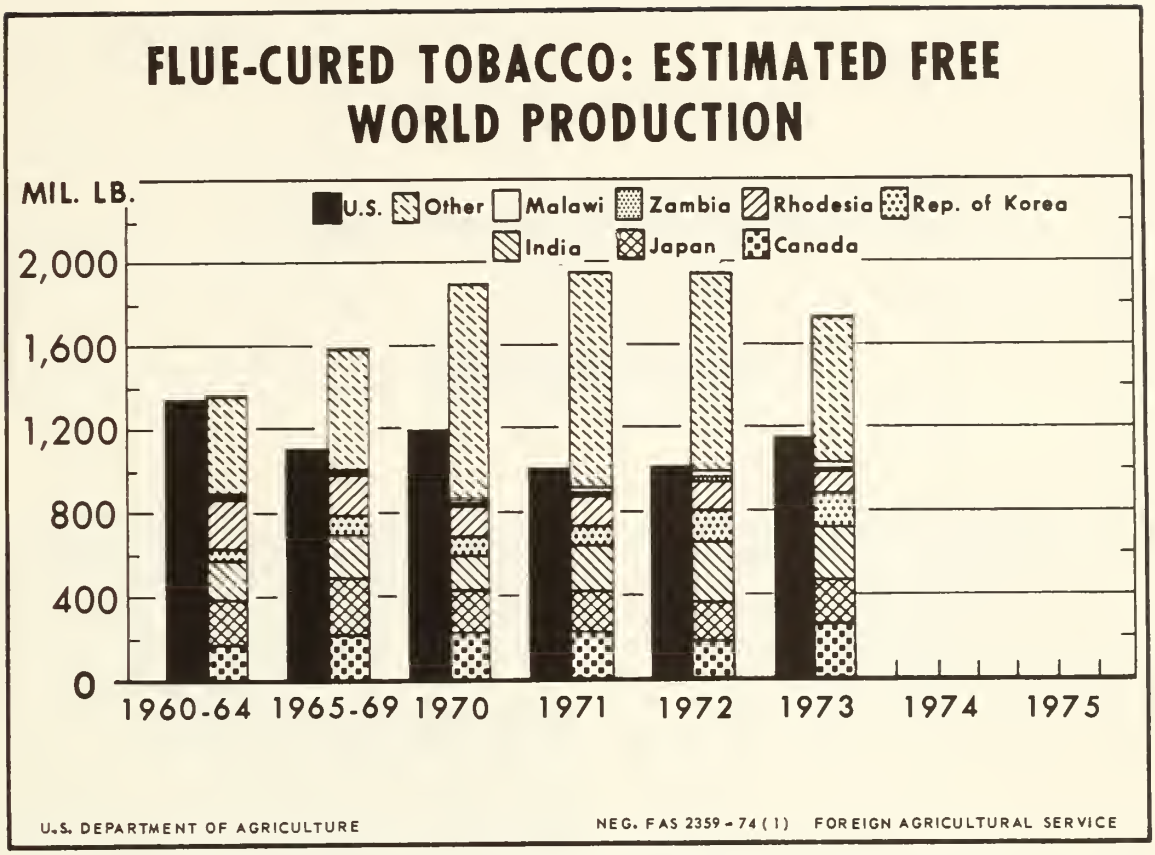
India's 1973 flue-cured crop of 245 million pounds was 20 percent below the 1972 crop as a result of drought and low prices for the previous crop. The 1973 crop sold for 33 to 36 U.S. cents per pound. While some recovery in output may be forthcoming this year, competition from other crops and fertilizer shortages will limit the gains.

United Kingdom tobacco: Imports, stocks, clearances, and exports, 1971-73

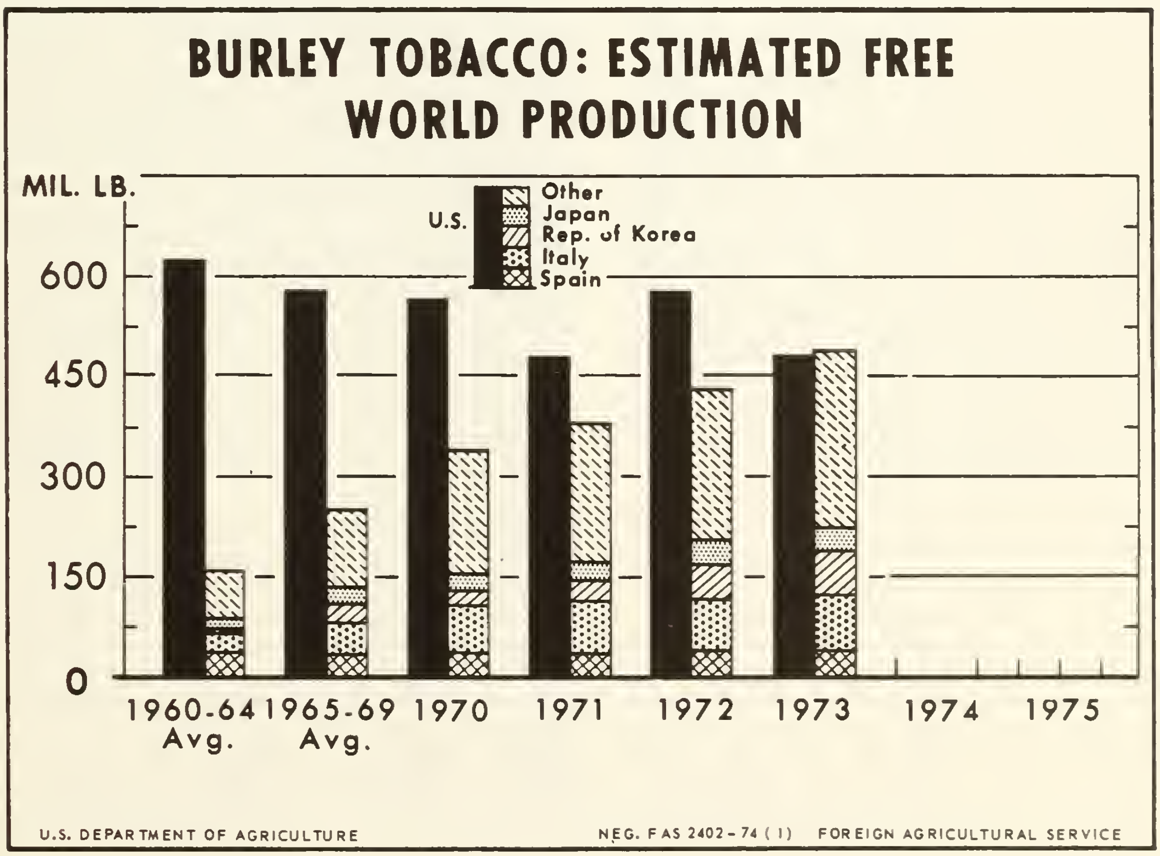
Item	1971	1972	1973[1]	Item	1971	1972	1973[1]
	Million pounds	*Million pounds*	*Million pounds*		*Million pounds*	*Million pounds*	*Million pounds*
Imports, by source:				Gross clearances:			
United States	98	121	128	Full duty rate[1]	150	147	155
Commonwealth	124	131	150	Commwealth rate[2]	139	159	170
Other	47	45	50				
Total	269	297	328	Total	289	307	325
Exports:				Flue-cured:			
Manufactured products	54	59	53	United States	119	112	117
				Commonwealth	134	152	160
Unmanufactured	9	9	9				
Stocks, Dec. 31:				Other	24	25	31
Flue-cured	332	320	335				
Other	54	54	53	Total	277	289	308
Total	386	374	388	Net clearances:	220	234	255

[1] Preliminary. [2] Equivalent to $12.10 per pound. [3] Equivalent to $11.92 per pound.

Compiled from Official United Kingdom sources.



FLUE-CURED TOBACCO: ESTIMATED FREE WORLD PRODUCTION
MIL. LB.
U.S.
Other
Malawi
Zambia
Rhodesia
Rep. of Korea
India
Japan
Canada
2,000
1,600
1,200
800
400
0
1960-64
1965-69
1970
1971
1972
1973
1974
1975
U.S. DEPARTMENT OF AGRICULTURE
NEG. FAS 2359-74 (1)
FOREIGN AGRICULTURAL SERVICE



BURLEY TOBACCO: ESTIMATED FREE WORLD PRODUCTION
MIL. LB.
U.S.
Other
Japan
Rep. of Korea
Italy
Spain
600
450
300
150
0
1960-64 Avg.
1965-69 Avg.
1970
1971
1972
1973
1974
1975
U.S. DEPARTMENT OF AGRICULTURE
NEG. FAS 2402-74 (1)
FOREIGN AGRICULTURAL SERVICE

FLUE-CURED TOBACCO PROCESSING CAPACITY

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ABSTRACT: The rules, regulations and clogged flow of flue-cured tobacco in auction warehouse sales are a handicap to growers and buyers. Because of this, ERS periodically surveys the processing capacity to aid in sales volume decisions. The 1974 industry usable processing capacity is calculated at 93.8 million per week pounds, or 15 million over the modal sales week last year. Firms reported several factors that limit usable capacity.

KEYWORDS: Tobacco marketing, tobacco processing, stemming and redrying plants.

Flue-cured tobacco growers are constantly concerned about timely marketing of their crop. They wish to sell their tobacco as rapidly as possible and still want the benefits of buyer competition and price support which are available only through designated auction markets. The manufacturers, dealers, and exporters prefer U.S. type auction markets where they can more readily examine the tobacco and have a wider selection. However, since tobacco is a perishable commodity, it must quickly be processed to a safe condition for storage. The daily and weekly capacity of the processing industry thus becomes a major factor in the marketing equation. A steady flow into the plant is desirable for efficiency and blending and should the system become clogged the auction sales have to suspend operations or reduce the volume moving through the markets. Various rules, regulations, and marketing plans have been used but none has satisfied the growers and warehousemen who have demonstrated their ability and desire to deliver and handle weekly volumes much in excess of the estimated capacity of the processing plants. As an aid in solving some of these problems, ERS has periodically surveyed processing firms to obtain production and capacity data.

Traditionally, growers sold tobacco in untied or loose leaf form in Georgia and Florida (type 14) but tobacco was required to be tied in hands for sale on the North Carolina, South Carolina, and Virginia markets. A large share of this tobacco was redried and packed as tied leaves (bundles). During the 1960's with pressure from Carolina and Virginia growers, regulations of USDA and various States were altered to permit loose leaf sales and price supports in tied markets.

Flue-cured tobacco: Processing methods, 1960-72

Crop year	Redried only			Threshed (strip) and redried		
	Bundle	Loose leaves	Total	Tip and thresh	Thresh no tip	Total strip
	Percent of total	*Percent of total*	*Percent of total*	*Percent of total*	*Percent of total*	*Percent of total*
1960	33.4	5.7	39.1	[1] 58.7	2.2	60.9
1965	16.4	8.4	24.8	46.1	29.1	75.2
1966	16.4	10.7	27.3	42.4	30.5	72.9
1972	([2])	10.0	10.0	32.0	58.0	90.0

[1] 12.1 percent tip and stem and 46.6 percent tip and thresh. [2] Less than 0.05 percent.

Flue-cured Tobacco: Hourly capacities for threshing and redrying, 1960-74

Year	Threshers[1]		Redriers[1]		
	Bundles	Loose leaves	Bundles	Loose leaves	Strip
	Thousand pounds	*Thousand pounds*	*Thousand pounds*	*Thousand pounds*	*Thousand pounds*
1960	1,072	842	897	662	739
1965	1,190	976	510	294	1,190
1966	1,004	844	571	362	1,023
1972	308	945	331	661	1,001
1974[3]	(2)	1,033	(2)	[4] 667	1,066

[1] Capacities are not additive. [2] Less than 0.05 percent sold in bundles. [3] 1974 increase over 1972 is only increase of firms sampled. This sample represents 75% of volume handled. [4] 144,000 pounds of loose leaves can be redried while using full strip capacity.

To handle this tobacco in loose leaf form, processors had to alter and add to processing facilities. Since redrying equipment that can handle loose leaves can also handle strip (separated lamina of leaves) the addition of threshers, separators, and related redrying equipment gives the processor choices of packing tobacco.

In 1960, 61 percent of flue-cured tobacco was threshed and then packed as strip. Most of the strip was packed by U.S. cigarette manufacturers so dealers and exporters handled very little. In 1960, domestic cigarette manufacturers bought about one-half of the crop and packed over 90 percent as strip. However, in 1972, 90 percent of the crop was packed as strip which means nearly all processors threshed their tobacco before packing.

But since 1960 the method of threshing has shifted with important effects on capacity. In 1960, nearly all threshed tobacco was tipped. Tipping is a process whereby the tip end of the leaf is cut off. This leaf portion (about 15 to 25 percent) bypasses the main threshing line and is mixed with the lamina (strip) from the separators before redrying and packing. The amount of tip removed varies by tobacco grade and crop, but the process increases total throughput up to about one-fourth.

When tobacco is sold loose leaf it becomes tangled during sale and handling and a great deal of additional labor is required to orient the leaves for tipping. Thus, in 1972 when virtually all flue-cured sales were loose leaf, only 32 percent was tipped.

During 1960-72, loose leaf threshing capacity increased by 20 percent and strip redrying capacity increased by 30 percent. With about one-third of the flue-cured crop tipped before threshing, strip redrying capacity may be considered the limiting factor.

Following and industry survey in June 1973 a sample of processing firms (representing 75 percent of 1973 capacity) were surveyed in December 1973 about their experience during the 1973 season and expected 1974 capacity.

Maximum flue-cured tobacco redrying capacity calculations for 1974 are as follows:

Redrying method	Hourly capacity	Weekly capacity[1]
	Thousand pounds	*Million pounds*
Strip	1,066	106.6
Loose leaf	144	14.4
Maximum capacity	1,210	121.0

[1] 100 hours per week.

The calculated maximum industry capacity would apply only if each company purchased tobacco throughout the season in the same proportion as its capacity and this tobacco was delivered to each plant without delay. This, of course, is most unlikely because of variations in purchasing and delivery patterns. Therefore, maximum capacity cannot be considered usable capacity. Assuming 80 percent of calculated capacity as usable capacity, and 10 percent of purchases packed as loose leaves, the maximum capacity drops to 117.3 million pounds and usable capacity to 93.8 million. The latter figure is about 10 million pounds above the largest weekly sale last season and 15 million over the modal week.

Sample firms representing 43 percent of the 1973 capacity reported they operated below capacity last season, though they processed over 50 percent of the 1972 crop. Obviously, many of the other firms were also operating below capacity.

The survey and capacity calculations indicate that gross threshing and/or redrying capacity is not the limiting factor of the flow of tobacco under the present sales allocation plan. Neither auction sales floor space nor buying capacity are limiting since the industry-wide marketing committee restricts both by sales hours and weekly sale opportunity (pounds).

Some of the factors firms report that reduce

processing flow are:
(1) small packages (burlap sheets) in which tobacco is sold; (2) low productivity of machines and labor in handling these numerous sheets from auction floors; (3) lack of seasonal labor; (4) lack of seasonal hauling; (5) preference of truckers for long hauls (favored by rate structure and hours employed); (6) weather (many loading docks outside and unprotected); (7) insufficient grade offerings and variation in tobacco quality; (8) quality control specifications and variations in customer orders; and (9) buyers' purchases varying from processing capacity.

Presently the limiting factor of the marketing system is the inability to efficiently move the small packages from the warehouse sales floor to the processing plant receiving room. If factors currently contributing to sales limitations were eliminated modal week sales (1973 season) could be increased about one-fifth before processing capacity becomes the limiting factor.

Table 20.—Cash receipts from farm marketings and tobacco, 1964-73 with percentages

Period	Cash receipts				Tobacco as a percentage of–	
	Livestock and products	All crops	Total farm	Tobacco	All crops	Total cash receipts
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*	*Percent*
1964	19,817	17,233	37,050	1,414	8.2	3.8
1965	21,845	17,250	39,095	1,186	6.9	3.0
1966	24,836	18,383	43,219	1,211	6.6	2.8
1967	24,405	18,383	42,788	1,392	7.6	3.3
1968	25,539	18,846	44,386	1,173	6.2	2.6
1969	28,439	18,790	47,229	1,296	6.9	2.7
1970	29,543	20,911	50,454	1,388	6.6	2.8
1971	30,560	22,245	52,805	1,328	6.0	2.5
1972	35,596	25,075	60,671	1,442	5.8	2.4
1973[1]	45,277	38,172	83,449	1,592	4.2	1.9

[1] Preliminary.

Table 21.—Expenditures for tobacco products, and disposable personal income, 1964-73

Year	Total	Cigarettes	Cigars	Other[1]	Disposable personal income[2]	Percent of disposable personal income			
						All products	Spent on tobacco products		
							Cigarettes	Cigar	Other[1]
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Billion dollars*	*Percent*	*Percent*	*Percent*	*Percent*
1964	8,113	7,024	765	324	438	1.85	1.60	.18	.07
1965	8,651	7,609	734	308	473	1.83	1.61	.16	.06
1966	9,140	8,113	718	309	512	1.79	1.59	.14	.06
1967	9,582	8,572	706	304	546	1.76	1.57	.13	.06
1968	10,112	9,094	703	315	591	1.71	1.54	.12	.05
1969	10,444	9,404	701	339	634	1.65	1.49	.11	.05
1970	11,544	10,448	707	389	692	1.67	1.51	.10	.06
1971	12,323	11,190	704	429	746	1.65	1.50	.09	.06
1972	13,211	12,063	710	438	797	1.66	1.52	.09	.05
1973[3]	13,950	12,800	710	440	883	1.58	1.45	.08	.05

[1] Smoking tobacco, chewing tobacco, and snuff. [2] Compiled from reports of Department of Commerce, Bureau of Economic Analysis.
[3] Preliminary.

Table 22.—Governmental revenue from tobacco products, 1964-73

Year	Federal Government				State and local Governments		All governments
	Cigarettes[1]	Cigars[2]	Manu-factured tobacco[3]	Total[4]	State	Local[5]	
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
1964	1,987	62	18	2,069	1,264	93	3,426
1965	2,014	58	16	2,090	1,482	103	3,675
1966	1,993	56	([3])	2,051	1,633	111	3,795
1967	2,111	56	([3])	2,169	1,760	109	4,038
1968	2,086	54	([3])	2,142	2,067	99	4,308
1969	2,020	56	([3])	2,077	2,186	113	4,376
1970	2,113	55	([3])	2,170	2,458	134	4,762
1971	2,098	54	([3])	2,154	2,637	154	4,945
1972	2,140	53	([3])	2,195	2,951	177	5,323
1973[5]	2,404	54	([3])	2,460	3,090	200	5,750

[1] Includes large cigarettes. [2] Includes small cigars and revenue on cigars from Puerto Rico covered into the Treasury of Puerto Rico. [3] Federal excise tax on chewing tobacco, smoking tobacco, and snuff repealed effective January 1, 1966. [4] Includes cigarette paper and tubes, and imported cigarettes and cigars. [5] Estimated.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

Table 23.--Marketing quota referendums, by kinds of tobacco

Kind (type numbers in parentheses) and basis of quotas 1/	Last referendum: Date	Last referendum: Crops to which applicable	Last referendum: Number voting	Last referendum: Percentage voting in favor of quota 2/	Next referendum: Probable date 3/	Next referendum: Crops to which applicable
Flue-cured (11-14) Acreage-poundage	July 17, 1973	1974-76	100,466	98.5	Dec. 1976	1977-79
Burley (31) Poundage	Feb. 25-Mar. 1, 1974	1974-76	289,829	98.3	Feb. 1977	1977-79
Maryland (32)	Feb. 25-Mar. 1, 1974	1974-76	5,442	25.5	Feb. 1977 4/	1977-79
Fire-cured (21-23)	Feb. 19-23, 1973	1973-75	10,504	93.2	Feb. 1976	1976-78
Dark air-cured (35-36)	Feb. 19-23, 1973	1973-75	10,901	93.7	Feb. 1976	1976-78
Va. sun-cured (37)	Feb. 25-Mar. 1, 1974	1974-76	479	93.8	Feb. 1977	1977-79
Pa. filler (41)	Feb. 25-Mar. 1, 1974	1974-76	890	14.8	Feb. 1977 4/	1977-79
Cigar binder (51-52)	Jan. 10-14, 1972	1972-74	282	91.2	Feb. 1975	1975-77
Cigar filler and binder (42-44, 53-55)	Jan. 10-14, 1972	1972-74	3,629	91.2	Feb. 1975	1975-77

1/ Quotas based on acreage allotments unless otherwise specified. 2/ A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. 3/ Probable month, but referendums can occur earlier if warranted by pertinent considerations. 4/ Unless at least a fourth of the growers petition the Secretary in the interim.

Table 24.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1972/73-1973/74 1/

(Declared weight)

Importing countries	1972-1973	Part year through January 2/ 1972-1973	Part year through January 2/ 1973-1974
	Million pounds		
	Flue-cured, types 11-14		
United Kingdom	84.8	63.4	70.8
West Germany	69.9	33.5	39.5
Japan	52.4	42.9	58.2
Netherlands	11.8	6.5	10.3
Thailand	18.7	16.4	6.1
Australie	10.0	7.6	8.9
Italy	8.3	*	3.7
Sweden	6.7	5.8	7.2
Norway	3.2	2.3	3.2
Finland	3.4	2.2	2.1
Denmark	13.9	8.0	13.3
Ireland	7.7	5.4	3.5
Belgium	13.5	8.5	5.8
Switzerlend	10.1	4.2	6.9
S. Vietnam	14.5	5.9	2.2
Philippine Republic	3.9	2.2	3.5
Spain	3.6	0	.1
Malaysia	7.0	3.9	5.7
Taiwan	13.9	4.4	3.4
New Zealand	3.8	2.0	2.3
Other countries	31.1	16.7	19.3
Total	392.2	241.8	276.0
	Burley, type 31		
Italy	8.8	0	.4
Sweden	2.6	2.0	1.9
Denmark	3.8	.6	.9
Netherlands	2.6	.1	1.5
Japan	4.2	0	0
West Germany	17.5	4.5	2.3
Switzerland	4.6	1.4	1.4
Finland	1.2	.3	.5
Thailand	1.6	1.4	0
Philippine Republic	2.6	.2	2.3
Other countries	8.6	2.7	4.1
Total	58.2	13.2	15.2
	Maryland, type 32		
Belgium	1.7	.5	0
West Germany	2.3	.7	.7
Switzerland	6.3	3.7	1.4
Other countries	1.3	.1	.1
Total	11.6	5.0	2.2
	Ky.-Tenn. fire-cured, types 22-23		
Sweden	.5	.5	.3
Netherlands	10.8	4.3	3.7
Belgium	.8	.3	.4
France	2.1	0	0
Switzerland	.7	.4	1.1
Other countries	4.1	1.7	1.3
Total	18.9	7.2	6.8
	Stems, Trimmings, and Scrap		
Sweden	6.5	2.5	2.2
Denmark	5.4	2.2	7.1
United Kingdom	22.5	18.2	17.7
West Germany	5.2	2.8	3.9
Japan	16.6	11.3	17.5
Other countries	29.3	14.9	18.1
Total	85.4	52.0	66.5

Importing countries	1972-1973	Part year through January 2/ 1972-1973	Part year through January 2/ 1973-1974
	Thousand pounds		
	Va. fire and sun-cured, types 21, 37		
Sweden	307	307	242
Norway	1,893	1,433	936
West Germany	237	107	306
Other countries	1,043	584	559
Total	3,480	2,431	2,043
	One Sucker, type 35		
Bahamas	54	27	0
Netherlands	22	22	7
Zaire (Congo, Kinshasa)	134	44	0
Other countries	172	57	0
Total	382	150	7
	Green River, type 36		
United Kingdom	117	33	0
Belgium	46	41	0
Zaire (Congo, Kinshasa)	44	4	0
Other countries	4	3	0
Total	211	81	0
	Cigar Filler, types 41-44		
France	233	51	90
New Zealand	30	11	49
Other countries	16	11	11
Total	279	73	150
	Conn. Binder, types 51-52		
West Germany	21	21	7
Canada	21	5	9
Canary Islands	28	18	3
Other countries	22	0	3/ 17
Total	92	44	36
	Wis. Binder, types 54-55		
Canary Islands	4	0	0
Other countries	1	0	0
Total	5	0	0
	Cigar Wrapper, types 61-62		
Canada	272	131	215
United Kingdom	1,155	835	249
West Germany	598	148	161
Netherlands	136	109	35
Canary Islands	183	91	132
Other countries	550	258	161
Total	2,894	1,572	953
	Black Fat		
Cameroon	390	67	253
Bahamas	46	13	0
Togo	405	213	83
Nigeria	211	96	0
West Africa, n.e.c.	2,005	639	581
Other countries	85	29	28
Totel	3,142	1,057	945

1/ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September for all other types.
2/ Subject to revision. 3/ Includes Belgium, 13,000 pounds. * Less than 50,000 pounds. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

INDEX TO 1973 QUARTERLY ISSUES

Item	Unit or base period	1973 Jan.	1973 Feb.	1974 Jan.	1974 Feb.	Last data as percentage of a year earlier
Average price at auctions						
Flue-cured	Ct. per lb.	C - l - o - s - e - d		C - l - o - s - e - d		---
Burley	Ct. per lb.	79.6	78.3	91.7	84.1	107
Maryland	Ct. per lb.	C - l - o - s - e - d		C - l - o - s - e - d		---
Virginia fire-cured	Ct. per lb.	66.9	53.1	76.4	74.1	140
Ky.-Tenn. fire-cured	Ct. per lb.	57.1	54.7	73.0	69.7	127
Ky.-Tenn. dark air-cured	Ct. per lb.	50.2	38.3	59.8	Closed	---
Virginia sun-cured	Ct. per lb.	58.6	52.1	72.5	Closed	---
Support price 1/						
Flue-cured	Ct. per lb.	76.6		*83.3		109
Burley	Ct. per lb.	78.9		*85.8		109
Maryland	Ct. per lb.	No support		No support		---
Virginia fire-cured	Ct. per lb.	53.5		*58.2		109
Ky.-Tenn. fire-cured	Ct. per lb.	53.5		*58.2		109
Ky.-Tenn. dark air-cured	Ct. per lb.	47.6		*51.8		109
Virginia sun-cured	Ct. per lb.	47.6		*51.8		109
Connecticut Valley cigar binder	Ct. per lb.	54.6		*59.4		109
Wis. binder and Ohio filler	Ct. per lb.	39.5		*42.9		109
Puerto Rican filler	Ct. per lb.	41.0		*44.6		109
Parity index 2/	1967=100	134	136	157	159	117
Industrial production index 3/	1967=100	122.2	123.4	125.6	124.8	101
Employment	Mil.	81.0	81.8	84.1	84.3	103
Personal income 4/	Bil. dol.	989.1	997.4	1,087.0	1,093.6	110

Item	Unit or base period	1972-73 Dec.	1972-73 Jan.	1973-74 Nov.	1973-74 Dec.	1973-74 Jan.	Last data as percentage of a year earlier
Taxable removals							
Cigarettes	Bil.	36.8	48.2	52.4	40.0		109
Cigars and cigarillos	Mil.	345.7	536.6	649.8	338.9		98
Accumulated from Jan. 1							
Cigarettes	Bil.	551.0		548.0	588.0		107
Cigars and cigarillos	Mil.	7,192.1		6,463.8	6,891.9		96
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	55.1			51.7		94
Chewing tobacco	Mil. lb.	72.5			74.5		103
Snuff	Mil. lb.	25.7			25.5		99
Tax-exempt removals							
Cigarettes	Bil.	4.1	4.1	7.9	3.8		93
Exports	Bil.	3.1	2.3	4.2	3.0		97
Cigars and cigarillos	Mil.	7.6	10.1	9.9	9.4		124
Accumulated from Jan. 1							
Cigarettes	Bil.	47.2		54.4	58.2		123
Exports	Bil.	34.6		38.6	41.5		120
Cigars and cigarillos	Mil.	135.7		133.1	142.6		105
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	1.3			1.5		115
Chewing tobacco	Mil. lb.	.1			.1		100
Wholesale price indexes 5/							
Cigarettes (reg. nonfilter)	1967=100	121.7	121.7	126.3	126.3	126.3	104
Cigars	1967=100	109.0	109.0	114.1	115.5	115.5	106
Smoking tobacco	1967=100	119.4	119.4	124.0	124.0	124.0	104
Plug chewing tobacco	1967=100	126.4	126.4	128.8	128.0	128.0	101
Snuff	1967=100	138.6	138.6	153.4	153.4	153.4	111
Consumer price indexes (urban) 6/							
Cigarettes (reg. nonfilter)	1967=100	135.9	136.0	140.0	140.1	140.3	103
Cigarettes (filter tip king)	1967=100	136.2	136.2	140.5	140.5	140.8	103
Cigars (domestic reg. size)	1967=100	111.3	111.2	114.4	115.3	116.1	104
Imports of tobacco							
Cigarette leaf	Mil. lb.	11.0	14.5	14.3	13.1	6.7	46
Cigar tobacco 7/	Mil. lb.	10.9	8.4	9.7	15.3	5.6	67
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	164.0			170.1		104
Cigar tobacco 7/	Mil. lb.	104.5			140.1		134

See footnotes at end of table.

Continued -

Item	Unit or base period	1972-73 Dec.	1972-73 Jan.	1973-74 Nov.	1973-74 Dec.	1973-74 Jan.	Last data as percentage of a year earlier
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	58.8	40.4	79.8	54.2	52.6	130
Burley	Mil. lb.	3.4	1.7	7.9	4.2	2.8	165
Maryland	Mil. lb.	.5	1.1	.2	.9	.4	36
Virginia fire- & sun-cured	Mil. lb.	.7	.2	1.3	.5	.3	150
Ky.-Tenn. fire-cured	Mil. lb.	2.1	1.6	2.7	1.6	1.6	100
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.1	*	0	0	---
Black Fat	Mil. lb.	.3	.2	.4	.3	.2	100
Cigar wrapper	Mil. lb.	.3	.1	.1	.1	.3	300
Connecticut binder	Mil. lb.	**	**	0	0	**	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	285.1	325.6	268.0	322.2	374.8	115
Burley	Mil. lb.	15.8	17.6	13.2	17.4	20.2	115
Maryland	Mil. lb.	4.1	5.2	1.6	2.5	3.0	58
Virginia fire- & sun-cured	Mil. lb.	2.8	3.0	1.7	2.2	2.5	83
Ky.-Tenn. fire-cured	Mil. lb.	6.4	7.9	4.2	5.9	7.5	95
Ky.-Tenn. dark air-cured	Mil. lb.	.2	.3	**	**	**	---
Black Fat	Mil. lb.	.8	1.1	.4	.7	.9	82
Cigar wrapper	Mil. lb.	1.7	1.8	.7	.8	1.1	61
Connecticut binder	Mil. lb.	**	.1	**	**	**	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Cigar filler	Mil. lb.	.1	.1	.1	.1	.2	200
Exports of manufactured tobacco in bulk	Mil. lb.	3.5	1.5	2.4	2.9	2.5	167
Accumulated from Jan. 1	Mil. lb.	29.1		22.9	25.9		89

Item	Unit or base period	Quarterly data 1972-73 Oct.-Dec.	1972-73 Jan.-Mar.	1973-74 Oct.-Dec.	1973-74 Jan.-Mar.	Last data as percentage of a year earlier
Stocks of tobacco—1st of quarter 9/						
Domestic types (farm-sales weight)						
Flue-cured	Mil. lb.	2,340	2,327	2,112	2,232	96
Burley	Mil. lb.	1,248	1,551	1,229	1,354	87
Maryland	Mil. lb.	54	47	53	44	94
Fire-cured	Mil. lb.	64	56	65	54	96
Dark air- and sun-cured	Mil. lb.	49	51	48	47	92
Cigar filler	Mil. lb.	90	76	70	58	76
Cigar binder	Mil. lb.	47	43	46	42	98
Cigar wrapper	Mil. lb.	20	20	18	18	90
Under Government loan 10/	Mil. lb.	875	805	643	599	74
Tobacco sheet 11/						
Cigarette types	Mil. lb.	24.4	23.8	23.5	22.6	95
Cigar types	Mil. lb.	1.7	2.0	1.5	1.6	80
Foreign types (farm-sales weight)						
Cigarette and smoking	Mil. lb.	390	418	434	442	106
Cigar	Mil. lb.	95	106	115	112	106
Tobacco outlets 12/						
Seasonally adjusted data, annual rates, for charts, p.2						
Cigarettes						
Production	Bil.	612.0	640.8	684.0	685.0	107
Taxable removals	Bil.	561.6	580.4	627.6	628.0	108
Large cigar production	Bil.	7.53	6.93	7.17	6.78	98
Smoking production	Mil. lb.	50.1	50.0	51.1	50.0	100
Chewing production						
Loose leaf	Mil. lb.	43.9	50.8	46.5	52.8	104
Plug and other	Mil. lb.	26.2	25.0	25.2	24.5	98
Snuff production	Mil. lb.	25.4	26.2	25.3	25.9	99
Exports of leaf						
Total	Mil. lb.	595.7	787.6	705.3	570	73
Flue-cured	Mil. lb.	481.4	700.6	593.9	480	68

1/1973 and 1974 crops respectively. 2/Prices paid by farmers including interest, taxes and wage rates. 3/Seasonally adjusted. 4/Seasonally adjusted, annual rate. 5/Excise tax excluded. 6/Federal and applicable state and local taxes included. 7/Farm-sales weight equivalent. 8/July 1 for flue-cured and cigar wrapper and October 1 for others. 9/Holdings of manufacturers and dealers including grower cooperatives. 10/Reported by grower cooperatives. 11/Weight of tobacco leaf not including stems added. 12/Data for most recent quarter are preliminary estimates. *Estimated. **Less than 50,000 pounds.

LIST OF TABLES

Title

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
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